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Bulgarian, Macedonian Ministers Meet Press

92BA0589A Skopje NOVA MAKEDONIJA
in Macedonian 28 Feb 92 p 2

[Article by D. Chulev: "A New Look at Relations in the Balkans"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] News conference of Ministers Maleski and Ganev. Ganev: We must encourage friendship between the citizens of the two neighboring states. Maleski: For the first time in history, political representatives of the Balkan nations speak out in favor of the same principles of human rights, democracy, and a market economy. No specific answer given on the subject of the Macedonian minority in Bulgaria.

Following the meetings he held with high Macedonian state leaders, Stoyan Ganev, Bulgaria's foreign affairs minister, met yesterday afternoon with journalists, with his host, Denko Maleski, the Macedonian minister of foreign affairs, present. The two ministers began by making their assessment of the recently held Macedonian-Bulgarian dialogue, after which they answered only a few questions. Because of the schedule of the one-day visit paid by the guests from Bulgaria, there was unfortunately not enough time to answer all questions.

The Bulgarian minister of foreign affairs was the first to address the journalists. He said:

"Today we held several intensive and meaningful discussions with my hosts, and I am pleased with the results. The discussions took place in a friendly atmosphere of openness. I shared with my hosts Bulgaria's views on the Yugoslav crisis and on recognizing the Republic of Macedonia. I was informed of the views of the leadership of the Republic of Macedonia concerning the Yugoslav crisis, the attitude of the Republic of Macedonia concerning the other Yugoslav states, and the future development plans of the Republic of Macedonia. I was given the opportunity to raise a few issues of interest to Bulgaria, considered important in terms of good neighborly relations. On the basis of the discussions, I am confident that they will have an excellent future.

"We also discussed specific economic and cultural issues affecting Bulgaria and the Republic of Macedonia, and we reached agreement on the need for the two states to develop more intensive contacts. I suggested and was given a positive answer that we organize and very soon hold a business forum with Macedonian and Bulgarian economists, in the course of which specific contacts would be established. We agreed on establishing, in the next few weeks, a working group with members of different Bulgarian and Macedonian ministries, such as the Ministries of Communications, Ecology, and Economics, to consider in detail the possibilities for cooperation between Bulgaria and Macedonia.

"I would like to inform you that, as part of the effort to make possible the crossing of the border by the citizens

of the two countries, Bulgaria has asked that the payment of \$15, which must be made by Macedonian citizens to cross the border, be abolished. Today there is no financial restriction on crossing the border. We also suggested an intensification of cultural relations, providing, in particular, opportunities for the mass media to communicate, naturally with good intentions—bureaus of correspondents for radio, television, and newspapers to be opened in Skopje and Sofia; radio and television programs to be exchanged; the possibility for Bulgarian newspapers to be sold in the Republic of Macedonia, and Macedonian newspapers in Bulgaria. We have nothing to fear. On the contrary, we must encourage friendship and create opportunities for the common good of the Macedonian and Bulgarian citizens."

After once again voicing his satisfaction with the meetings he held with Kiro Gligorov, president of the Republic, Stojan Andov, president of the Assembly, and Nikola Klyusev, prime minister, Ganev told the journalists that he is planning to wind up his visit with a meeting with what he described as "an influential political party in Macedonia," with a view to meeting with a "greater number and broader circle of political personalities in Macedonia. I hope that this will lay a firm foundation for future relations between Macedonia and Bulgaria."

Denko Maleski, foreign affairs minister, also made a statement at the press conference.

In describing the meeting as successful, Minister Maleski said: "What especially interests us is not only to consider problems of relations between the two countries but also broader Balkan problems and the way the Balkans are being Europeanized. For the first time in the history of the Balkans, at least according to their statements, the political representatives of the Balkan peoples agree on the same principles of democracy, human rights, and a market economy. This is a good step, but, as you know, the steps that must follow are more difficult. They involve the way the Balkan states will observe these principles and the meaning that will be ascribed to them. It is fundamental for Macedonian foreign policy, in defending the interests of the Republic of Macedonia, to promote relations of mutual trust among the Balkan states so that this area may become economically and politically more stable in the future. Considering the major transformation that is under way, we must help to develop a zone of stability.

"Individually, we are too small to expect that we may attract the interest of Europe in the area of cooperation. It is only after the developed part of Europe realizes that we are united around the familiar principles that it will show an interest in helping us with our request for aid to develop democratic institutions and convert to a market economy. All of the Balkans and the entire Eastern Europe share in the need for such an option, which is what makes cooperation necessary."

Minister Maleski said that our eyes must be turned to the future. It is a future of free and equal systems in the

Balkan states, honoring the principles of the concluding act of the Helsinki Agreement and the Paris Charter and trying to remain on the level of these principles to the utmost of their capabilities. This will create a zone of stability in the Balkans and progress toward integration with Europe.

Relations between Macedonia and Bulgaria would be a test to see whether it would be possible for Macedonia to extend the hand of cooperation to its other Balkan neighbors on the basis of such principles.

This was one of the topics of discussion that I consider of exceptional importance in terms of the development of our entire region, which includes relations between Macedonia and Bulgaria. Having stated these principles, we must determine what precisely all of us mean by them and how we can advance toward improving the well-being of the nations in this area, and toward greater freedom and democracy.

Both in his statement and later in the answers to the questions asked by the journalists, Minister Ganev tried to depict a new type of European vision of relations in the Balkans and, especially, relations between Macedonia and Bulgaria. Regrettably, those present could not help getting the impression that Minister Ganev avoided giving direct answers to specific questions by providing lengthy explanations in the style of an old-fashioned diplomat. He lectured the journalists, particularly when he told the Macedonian journalists "to keep in closer touch with the Macedonian leadership in order to know what to write and how to write it, and what questions to ask."

Asked by NOVA MAKEDONIJA if it was accurate that in a recent interview he had said that Bulgaria would recognize Macedonia but only if Macedonia abandoned the Macedonian minority in Pirin Macedonia, Minister Ganev denied it energetically. Furthermore, he concluded that no misunderstandings would occur once the two countries agreed to an exchange of freely sold printed matter. He then discussed at length the topic of self-determination, emphasizing that every person has this right and "knows best how to determine his own status." This was followed by another question from NOVA MAKEDONIJA as to whether, henceforth, Macedonians in Bulgaria would be able to freely identify themselves as Macedonians. Ganev avoided giving an answer, once again plunging into extensive elaborations on human rights and telling the journalists that he, too, was from Pirin Macedonia, and "he knows best, but only about himself, what his feelings are."

Asked by Macedonian television whether Bulgaria has a view on the subject of minority rights for everyone,

which is a European concept, Ganev said that the Bulgarian Government upholds that standard, adding that "had such not been the case, we would have been uncertain when it came to our relations with the former Soviet Union. In terms of the self-determination of the peoples living within the borders of Yugoslavia, Bulgaria proved with its policy of maintaining equal standards that it acknowledges the right of anyone who announces his desire to be independent." Bulgaria, Ganev said in his extensive presentation, opposes a policy according to which a country would maintain good relations with one neighbor at the expense of bad relations with another. We have no intention of doing this with Turkey, Greece, or Macedonia, he said. Contemporary Europe calls for the kind of balance that would be consistent with the interests of two separate nations and the interests of other nations as well.

Minister Ganev also answered the question of a journalist from Bulgarian radio, who asked him to rate his meeting with Gligorov in terms of the way the Macedonian state leadership is reacting to Bulgaria's new political course.

The Bulgarian views, Ganev said, have changed not only in terms of an understanding, as is usually expressed, but also because of the need for further development of Bulgarian-Macedonian relations. As to his discussion with President Gligorov, Ganev said that it was very frank and useful and covered all of the questions of interest to both states. The need for such meetings was agreed upon by both sides.

The same newsman asked Minister Maleski whether there was a one-sided insistence on the question of the status of the Macedonian minority in Bulgaria and what his reaction was to the fact that, in the population census of last year, 1,762 citizens of the Republic of Macedonia claimed to be Bulgarian.

In answer, Maleski said that the question of affiliation with an ethnic group is frequently asked in population censuses. Therefore, if that number of people claimed to be Bulgarians living in Macedonia, such was the case. However, Maleski added, he would like to know what the situation is in Bulgaria concerning those who consider themselves members of a Macedonian national minority. He could say nothing about it because he was uninformed. He was familiar with history, but he would like to know what the current situation is. Whether this situation applies to one single person, to 10 persons, or to 100,000 who consider themselves Macedonians, this does not change the matter. In a democracy, conditions may be created for the human rights of the individuals to be expressed as such individuals feel, and such feelings must be respected unconditionally by the state.

BSP Official Criticizes Proposed Restitution

92BA0523A Sofia DUMA in Bulgarian 11 Feb 92 p 6

[Interview with Prof. Stefan Stoilov, speaker for the Parliamentary Union for Social Democracy, by Veliana Hristova; place and date not given: "Society Has Yet To Feel the Consequences of the Laws Passed for Restitution"]

[Text] [Hristova] Parliament devoted a significant portion of its time to the passage of three laws, ensuring the restitution of former property. However, we have not seen a law for privatization.

[Stoilov] The tendency has prevailed in parliament during recent months to burden the public with the problems of restoring the old ownership and compensating the former owners, before providing a legal basis for privatization.

These questions in Bulgaria are being resolved quite differently from the practice in the other former socialist countries. Even the previous parliament and now our group confesses the realization that restitution must be accomplished in such a way, so as not to hinder the process of privatization and, consequently, not to slow reform. We find arguments for this in the attempt of some East European countries, which are at least a couple of years ahead of us in reform. There the former owners are requited with some measure of compensation, and not with actual property. Hungary in 1991 and Poland as well swung toward such a solution. As early as April of last year in Hungary, a law was passed that, for all categories of property, provides for compensation through certificates, applying depressive rates for the larger properties. The law provides for a maximum amount of compensation of 5 million forints (about 1 million leva). In Poland, after a year of discussing the matter, according to Leszek Balcerowicz during his visit to Bulgaria, they have also reached the conclusion that the compensation is indeed a solution that places all categories of owners under equal conditions and puts aside huge problems of the society. And, because the Polish society is comparatively poor and cannot afford a 100-percent repayment, it is necessary for the compensation to be considerably less, to have some kind of limit, acceptable to the society.

[Hristova] Wasn't the bill for privatization, which the previous parliament prepared, based on a similar principle?

[Stoilov] The economic commission put a stake in this principle and the opportunity for investment bonds, which would be issued according to the returns from privatization. The idea for private compensation was also supported, which, however, would be sufficiently high enough for the small owners. But, with its policy in this area, the SDS [Union of Democratic Forces], by categorical support of the executive power, is essentially approaching solutions that do not serve reform and privatization but restore old structures. This was one of the decisive reasons last year not to consider the bill for privatization, despite a categorical appraisal by Prime

Minister Popov that this bill would satisfactorily resolve all problems connected with privatization. Actually, the opposition of people like Aleksandur Dzherov and the political forces that wanted the former ownership to be returned first of all, at any price, was the reason the country, even at the beginning of 1992, still did not have a law for privatization.

The international financial institutions and the team from the International Monetary Fund, which is working in Bulgaria, continuously score the absence of such a law as a minus. However, the lack of a program for reform does not allow those building the program to have a clear idea as to where and how to insert such an important element of the structural policy as privatization into this reform. And privatization is the basic catalyst for change in the structures of ownership and for speeding structural reform.

[Hristova] It is said, however, that in Bulgaria more than a million and a half citizens are interested in quick restitution.

[Stoilov] That is pure speculation. If we count their families, as well, it will come out that every other Bulgarian expects to receive property (besides agricultural lands). An absolute bluff. Expert estimates by a number of economists show that the population that expects to receive something from restitution is not more than 2.5 to 3 percent. But the SDS promises these decisions in the preelectoral campaign and goes even further because these circles have a strong lobby in parliament now. According to tentative estimates by journalists, more than 50 of the SDS deputies expect considerable portions of property with the application of these laws.

[Hristova] Don't you think that, at the moment, the public is almost passively concerned with this?

[Stoilov] Inertia exists. The mass media also gets credit for this. Another law is coming, however, that promises 100-percent restitution for those whose property cannot be restored. Here already the public will be burdened with the payment of billions of sums at the current lev rate. And the taxpayer will immediately foot the bill. Even if that were to come from the returns from privatization, the public would still be robbed because even these funds would be added to the budget.

[Hristova] And would compensation without a real return of ownership speed privatization?

[Stoilov] With the quick passage of a law, privatization could be carried out immediately. Not only would the personnel of the enterprises have to participate in it but also people not working in enterprises. That is approximately 43 percent of the adult citizens in the country. They have participated in the creation of the state property and should not find themselves out in the cold. The beginning of privatization will speed economic

reforms and will work for the gradual building of a mixed economy. I will remind you that, on his second visit to Bulgaria, the French State Secretary for Planning, Lionel Stoleru, advised us to reject restitution if it was politically possible. The Council for Mutual Action last year also recommended compensation rather than a return of real property. In contrast to that, the policy being conducted in Bulgaria creates difficulties for reform. This policy can be qualified as extreme right, restoring old economic and social structures from 50 years ago.

[Hristova] Are there glaring oversights in the laws that have been passed?

[Stoilov] Yes. It is documented that the property that was nationalized during 1947 is burdened with debts to the state and the banks totalling more than 10 billion leva. The "blue" [SDS] legislators remained deaf to this question and actually giving an enormous gift to the former owners at the public's expense. Legally, morally, and economically, it is unjustifiable for the heirs of the former owners to be free from tax on the inheritance. The new "democrats" are very quickly creating privileges and a privileged regime for the rich in the country.

[Hristova] Do you think that the exercise of the restitution laws will arouse social tension?

[Stoilov] It has already been aroused. Cooperatives that were using spaces, according to the meaning of the law, are now beginning to vacate them. Economic activity is ceasing, jobs are decreasing. There will be severe problems with housing that is subject to restitution. We insisted that, for people who will not be able to resolve their housing problem for three years, the townships at least ensure similar living conditions. The parliament did not pass that but gave priority to solving their demagogic problems. I know from experience what rubber formulas like this mean. In the present situation, people from the group of socially weak cannot find a solution themselves to their housing problems. In this way, the restitution laws decrease the broad social support, which is necessary for reform.

[Hristova] But, in the spectrum of reform, restored ownership is not of primary importance.

[Stoilov] Restitution is not among the elements that we bet on to get out of the crisis. It is clear that the present tales about Bulgaria, which was supposed to be a country with an economy represented by agriculture, service industries, and tourism, express a primitive outlook for the economic future of the country. Such an economy would not ensure the growing prosperity of the citizens. A production-economic potential has been created in Bulgaria, in which are also considerable sectors of so-called high-technological production. With the turn of reform, with the revival of the economy, and with the attraction of foreign investment, we could ensure dynamic development in a number of spheres. That is the future of the Bulgarian economy, even according to the estimates of foreign experts.

The bad thing is that, during the three months involved in passing these laws, the Bulgarian parliament worked for a very small percentage of the country's population. It did not concern itself with resolving the big problems, which are the substance and the heart of reform. And, because now there is an attempt to hurry and respond to the justified critiques and to avoid a blow to the government and the demands for personnel resignations, there is a danger that the law for privatization will pass by at a gallop and will be overlooked. And this is a fundamental law and must ensure the democratic course of privatization, publicity, opportunity for initiative among a wide circle of subjects, maximum participation of the citizens, and creation of institutions, which will effectively work to bring about the process.

BZNS-e Leader Still Supports Agrarian Unity

*AU3003200792 Sofia ZEMEDELSCO ZNAME
in Bulgarian 23 March 92 p 5*

[ZEMEDELSCO ZNAME staff report: "Not a News Conference but an Informal Conversation"]

[Text] Minutes after the Bulgarian National Agrarian Union-United [BZNS-e] extraordinary congress finished its work in Hall 2 of the Aleksandur Stamboliyski Memorial House, Tsenko Barev, the union's secretary, met with reporters. This was not simply the usual news conference but a conversation where the representatives of the mass media received replies to their questions and clarified formulations touched upon in the congress hall.

In Mr. Barev's opinion, the congress went off without a hitch, and, to use the word "manipulation" in connection with it, in the journalistic sense of the word, is totally inappropriate. He said, "I have attended many congresses of many parties, including some abroad. Comparing them with this congress gives me grounds to say that this congress went off without a hitch." Later on, the BZNS-e leader confided that, before the beginning of the united forum, he had attended 12 conferences, had attempted to investigate each region beforehand, and had been keen to establish a direct link to allied agrarians.

Mr. Barev stated that, from the work of the congress, he was certain that the delegates supported the continuation of the unification process with the Nikola Petkov Bulgarian National Agrarian Union [BZNS-NP]. This was corroborated by the prerogatives that the delegates gave to its leading organs to continue work on this process in the future. The union's secretary stressed, "The climax of this will be the calling of a unification congress." However, he declared that he was surprised by the decisions adopted at the BZNS-NP congress also conducted under the sign of unity. He is disturbed by the fact that some of these decisions and some of those in the statute of the BZNS-NP do not give guarantees for future work on unification. Tsenko Barev stated, "A person

must be generous, and, in some of our friends from the BZNS-NP, I do not see this but, instead, a certain degree of vengeful feeling."

Mr. Barev's opinion is that the Union of Democratic Forces-Movement [SDS-Movement] and coalition are working against the BZNS-e and against the BZNS-NP because the existence of the BZNS-NP within the Union of Democratic Forces [SDS] is aimed against the two unions and against the agrarian movement. "Are we the victims of division effected by the communists? We have never spread division among others!" Mr. Barev stated. Later he emphasized that the agrarians had always been tolerant with everybody. However, this tolerance is seen, even by certain people in the organization, as a weakness, and they try to turn it into a weapon.

Tsenko Barev explained the point of the congress giving prerogatives to the union's leading organs. He stated that the Executive Council must take an active part in determining the policies of the Permanent Board. For its part, the Permanent Board did not need to fulfill the role of a "politburo" but, rather, carry out the policies drawn up by the Executive Council. However, for this to happen, the Executive Council itself needed to prepare itself for this important role. "With the problems that exist at the moment, we must get a grip on the organization, and this must be done by the Executive Council and not by the eight to 10 persons on the Permanent Board. The Executive Council must study, determine, and conduct this policy." Mr. Barev stated that he has specific proposals that he will present to the Executive Council and the Supreme Union Council at the first opportunity because the BZNS-e has local structures that must be revived so that they can implement the line of more and more people participating in the development of and conducting of the union's policy. The field of work of the Agrarian Union as an organization is very broad, and it must be embraced.

At the end of the meeting, Mr. Barev shared with us his personal opinion that the union's secretary should be elected by the Executive Council and be dependent solely upon it. The argument for this, which Mr. Barev did not want to bring up, is that the union secretary elected by the congress could subconsciously consider himself superior to his colleagues—in other words, that the union has a leadership that is elected by different levels of the union.

The Union's secretary also answered questions about both the program and the alternative program proposed (but not discussed) by the delegates. He stated that, before the congress, there were six such proposal documents sent from various collectives. However, all of them accentuated certain fields and had omissions in others. Mr. Barev stated, "We owe much to the program because, in the present situation, agriculture and light industry will be the main branches. The gravity of the situation dictates that we provide opportunities in the economic and social spheres."

The news conference was opened and conducted by Dragomir Shopov, chief editor of the ZEMEDEL'SKO ZNAME newspaper and head of the congress's Press Center.

Background, Views of Chief Prosecutor

92BA0599A Sofia DEMOKRATSIYA in Bulgarian
21 Feb 92 pp 1-2

[Interview with Ivan Tatarchev, newly appointed chief prosecutor of the Republic of Bulgaria, by Khristo St. Khristov; place and date not given: "The Chief Prosecutor Will Institute Proceedings Against Those Guilty of the National Betrayal"—first paragraph is DEMOKRATSIYA introduction]

[Text] Ivan Tatarchev was born in 1930 in Sofia. He majored in law at St. Kliment Ohridski University in Sofia. For political reasons, he was deprived of the right to practice his profession and worked as a stonemason for four years. Later he was a lawyer in Turnovo and Razgrad, and, since 1966, he has been in Sofia. By order of the former Government Council, he was rehabilitated as having been repressed. He is unmarried. He is not a member of any political organization. Two days ago he was named chief prosecutor of the Republic of Bulgaria by a presidential decree.

[Khristov] Congratulations, Mr. Tatarchev. What is the first task that must be handled without delay?

[Tatarchev] I can say that the first job of the prosecutor's office now is to take action on all cases that are at a standstill for reasons unknown to me. This naturally irritates the public. It expects the guilty parties, those who have brought us to a national catastrophe, to receive punishment. We still have not disposed of the cases, and I am not familiar with their content because I just got the job yesterday. However, in my opinion, the main thing the prosecutor's office must do at the present time is take quick action on them.

[Khristov] The three-month period, during which the Supreme Judicial Council has to pass judgement on the irremovability of the judges, prosecutors, and examining magistrates, has begun to run. Will you make proposals to replace some prosecutors whose work has been compromised?

[Tatarchev] Naturally. However, some colleagues have fears, incited by some unscrupulous persons, that there will be persecutions of prosecutors, judges, and examining magistrates. This assertion is untrue. Personnel changes will affect those who actually are compromised and cannot be prosecutors, judges, or examining magistrates. However, this is the attitude of the Supreme Judicial Council, which actually will decide who will be removed from office.

[Khristov] Will you make your authority felt to become fully acquainted with the personnel dossiers of the prosecutors?

[Tatarchev] Of course. All these personnel questions and the work of the prosecutors greatly interest me. However, I will repeat that our colleagues do not need to be afraid. There will be neither purge nor persecution. Only those who have "deserved" it by their work and behavior will be removed from office.

[Khristov] Nevertheless, what will your criteria for the evaluation be?

[Tatarchev] First, we will maintain a basic policy. I will not be interested in who is what kind of man, but who has done what work and produces what results. This is my position. There are many complaints about prosecutors, of course, some of them perhaps not justified. All reports received are checked out. From the first day, I will begin to do this checking, thereby making it possible for those against whom there are complaints to defend themselves. Without listening to both sides, no decision can be made.

[Khristov] In this sense, you will not wait for the Law for the Organization of the Judicial System to go into effect....

[Tatarchev] Yes, because I do not know when this will be. It will possibly go into effect very soon, but it may be delayed. But there is no time to wait. It is necessary to act as soon as possible.

[Khristov] Do you expect any reaction against you on the part of the prosecutors?

[Tatarchev] Hardly, because I have always had correct relations with all colleagues, irrespective of what they have been.

[Khristov] Within the framework of the legal powers of the chief prosecutor, will you manifest any initiative?

[Tatarchev] Yes, there is one matter where no one has yet instituted proceedings. I have in mind the perpetrators of the national betrayal after 1944. I intend to do this.

[Khristov] Will you say something more about it?

[Tatarchev] First, this is the betrayal that was carried out in 1946, when Bulgarians were forced to deny their Bulgarian nationality, and the second recidivism is the attempt to have Bulgaria erased from Europe, to stop it from being an independent country, to have it attached to another country. There are good grounds for bringing those guilty of this national betrayal to trial. These proceedings have not yet been instituted. But I will do this at all costs.

Courts Stymie Measures Against Drug Traffickers *92BA0611A Sofia 168 CHASA in Bulgarian 18 Feb 92 p 32*

[Article by Petur Buchkov: "Customs Officials Catch Drug Traffickers, and the Courts Set Them Free"—first paragraph is 168 CHASA introduction]

[Text] Usually, proof must be sought abroad, but there is no money to send investigators abroad. It is thus that, telling tales from "1,001 Nights," the drug traffickers avoid criminal prosecution in Bulgaria.

With the lifting of information restrictions, there has been a sharp increase in press and radio and television reports of thwarted attempts at moving drugs across our borders. However, even before 10 November, our customs officials were known for their professionalism and successes in preventing this type of international crime. The customs officials were praised for detecting drugs! However, both in the past and now, for some strange reason, soon after such "brilliant victories," all that is left are the drugs that were found, while their carriers, in most cases, have departed untouched.

On the night of 11 November 1989, Abdulah Sarukalfa and his wife, Emine Sarukalfa, both born in Turkey but residing in Bremen, Germany, were traveling from Turkey to Germany in a Mercedes 280 SE. After a check at the Kapitan Andreevo border-control post, they continued on their way and reached the Kalotina border-control post at approximately 1930 hours. They were stopped by customs official Khristo Stanchev, who asked them in Turkish if they had anything to declare and if they were carrying drugs. They answered in the negative, and Stanchev started to look at the car's documents. He noticed that the Mercedes was not owned by the travelers and began a thorough check. Knocking on the roof of the car, he suspected that something might have been concealed there and asked the driver to open the sunroof. Abdulah Sarukalfa refused, claiming that the button to open and close the roof was broken. The Turkish citizen began to appear nervous, according to Stanchev, so he called for his colleague Branimir Nozharov. The two customs officials dismantled the sunroof and pulled out 16 bags with drugs from the hollow area in the roof. Next to them was another package with ground black pepper, which is a device used by drug traffickers to neutralize the smell, should the car be checked by specially trained dogs. The two passengers claimed not to know how the drugs had been put in their car.

A chemical analysis showed that the 16 bags, which weighed a total of 8.14 kg, contained a mixture of heroin and other narcotics. Heroin is a drug that, according to Article 81 of the Law on Public Health, may not be imported, produced, or consumed on Bulgarian territory and is subject to control in accordance with the Uniform Convention on Narcotic Substances of 1961. According to the 1988 tariffs, the value of the drugs was assessed at 97,680 leva.

Throughout the entire interrogation during the investigation and, subsequently, in court, Abdulah Sarukalfa denied knowing of the existence of the drugs in the car. He had borrowed the Mercedes from his brother-in-law (also a permanent Bremen resident) only for the trip. He had not been in Turkey for more than 15 years and now had decided to go there and purchase a piece of land. While in Turkey, he had had the car repaired in the city of Yelova, and it was perhaps at that point that the drugs had been hidden in the car.

His explanation was not checked with an investigation in Turkey. With Sentence No. 1 of 19 January 1989, the Slivnitsa court sentenced Abdulah Sarukalfa to seven years deprivation of freedom and a fine of 7,000 leva, and his wife, Emine, to three years deprivation of freedom, a five-year probation period, and a fine of 2,500 leva. With the same sentence, the drugs and the Mercedes were confiscated by the state.

At the petition of defense attorney Doncheva, the Sofia okrug court, with a decision on 27 February 1989, reversed the sentence of defendant Emine Sarukalfa and declared her innocent.

Meanwhile, in the section for foreigners in Sofia prison, Abdulah Sarukalfa met with Belgian citizen Jacobs Ramakers, who had also been sentenced for moving drugs across Bulgarian territory. The two shared a cell for quite some time. Several months after they became friends, Sarukalfa asked to be allowed to provide additional explanations. He said that one day, in the prison, he was approached by Ramakers, who, with tears in his eyes, asked him to forgive him because it was he and his friend Ali (who remained unknown to both the investigators and the court) who had put the drugs in his car. At the interrogation, Ramakers confirmed the statement by his cellmate and assumed full responsibility. After a petition to review the case was filed, the Supreme Court of the Republic of Bulgaria revoked Abdulah Sarukalfa's sentence with Resolution No. 45 of 9 February 1990 and returned the case for retrial.

At the second trial, with Sentence No. 27 of 27 June 1990, the Slivnitsa rayon court declared Sarukalfa innocent and returned his personal property to him.

"The witness testimony of the Belgian citizen should not be believed, and the acquittal should not be based on it exclusively," read the objection of the Slivnitsa rayon prosecutor's office, addressed to the Sofia okrug court. The written viewpoint of the defense submitted to the court was as follows: "A sentence must be based on unquestionable proof and not on feelings, doubt, assumptions, or beliefs...."

In the final account, with its ruling dated 9 July 1990, the Sofia okrug court rejected the objection of the Slivnitsa rayon prosecutor's office. Abdulah Sarukalfa got into his car and, acquitted, left for Bremen, while the real truth about his innocence remained a secret.

The only reason this case may be an exception is the excessively dragged-out investigation and trial procedure before the drug trafficker was released for lack of proof. Any story, however stupid, told by drug carriers becomes an insurmountable obstacle to our investigative authorities, if it sounds more or less plausible.

Thus, for example, on 22 July 1991 at almost 1830 hours, customs officials Velkov and Stefanov stopped automobile VAZ2101 at the Kalotina border control post. Traveling in the car were Czechoslovak citizens Richard Kotek, 27, and Irji Hladki, 28. The customs officials found 20 bags, weighing 10.62 kg and wrapped in beige-colored cloth, in the hollow space between the rear mudguards and the lining. A chemical analysis identified the contents of the bags as heroin—value: 2.73 million leva. The expert assessment of the car revealed that the place where the drug had been hidden had not been especially adapted for the purpose and that not much time had been required to put the drug there. According to the customs officials, the two passengers were quite calm during the checkup. Their explanation to the investigative authorities was that, on arrival in Istanbul, they had stayed at the Sarajevo Hotel. They had left the car keys with the front desk to have the car parked. That evening they took a taxi. Kotek had been bitten on his left leg by mosquitoes. They sought medical aid, but the following day Kotek's leg became swollen, and they decided to return to Czechoslovakia. It was on the basis of such an explanation and data from Czechoslovakia, according to which the young people had clean records, that the step that was taken in their case was amended from "detention under guard" to "400-leva bond per person." They left the country on 2 August 1991. By resolution of the Slivnitsa rayon prosecutor's office of 29 November 1991, penal proceedings against them were terminated for lack of proof, and the bond money was returned to them through the consular department.

Somewhat more doubtful to the investigators was the story told by young Hungarians Karpaly Zoltan, 21, and Sandor Sze, 17, both from Budapest. On 20 July 1991, customs agents Vladimir Vasilev and Ventsislav Stoyanov, at the Kalotina border-crossing post, detected between the upholstery and the rear mudguards of the Trabant in which the two youngsters were returning from Turkey seven bags containing narcotics (according to the test, heroin weighing 1.8 kg, worth 494,000 leva). Naturally, the two denied any knowledge of the drugs in their car. On arriving in Istanbul, at the suggestion of Sandor Sze, they had decided to stay at the Dunay Hotel (whether it was a coincidence or not, known to Budapest INTERPOL as a center of the drug trade). Unable to find the hotel after several hours of driving around, they left the Trabant and took a taxi to the hotel. They registered and, with the same taxi, went back to pick up their car but could not find it. They located it only on the following evening, in a police parking lot, and recovered it after paying a fine. They realized that they had also lost their money but did not file a complaint. On the following day they left.

According to Budapest INTERPOL, the two youngsters had no records with the Hungarian police. However, on the day they were scheduled to return home, an unidentified foreigner called Sandor Sze's home. He spoke poor Hungarian and refused to give his name.

On 20 September 1991, Case No. 2135/91 was sent to the Slivnitsa rayon prosecutor's office, with the opinion that the accused be tried. The reasons given by investigator Berov were as follows: "They abandoned their car and then failed to find it but did not report this to the police; they spent the night in a hotel without registering. They realized that currency was stolen from their automobile but did not examine the car or report the theft, although these were the funds for their trip to the country; they had bought no goods that might have justified their trip."

With Resolution No. 1256/2 October 1991 of the Slivnitsa rayon prosecutor's office, the case was returned for further investigation and the gathering of additional proof.

The only unusual action in the course of the investigation made by the prosecution up to that point was additional Resolution No. 1070/4 December 1991, issued by prosecutor Peneva of the Sofia Okrug prosecutor's office, which stipulated that, in order to determine the objective truth, it would be necessary to conduct an investigation in the Republic of Turkey to check the explanations of the accused.

Once again, on 11 December 1991, the investigators submitted the case to the rayon prosecution in Slivnitsa, with an indictment against Sandor and Karpaty, stating that "such an investigation cannot be carried out because of the impossibility of sending an investigator to Turkey."

Thus, once again, the charge "was not categorically and unquestionably proved," and, with a resolution of the Slivnitsa rayon prosecutor's office dated 18 December 1991, the criminal prosecution of the two Hungarians was dropped.

Defense counsel Manolov claimed that "the request for an investigation on Turkish territory was unnecessary and would be too costly to the state."

But, then, what is the cost of Bulgaria's international reputation if such investigations are trustingly based exclusively on the stories of detained drug traffickers? Currently, the investigations department in Sofia Okrug has two similar cases pending, and, in all likelihood, the accused will be released because of a lack of funds to conduct an investigation in Turkey.

If this were to continue, our country would hardly become the paradise of foreign investments but would certainly become one for drug traffickers.

It looks as though the financial problems of the judiciary are not to be resolved soon. Perhaps our impoverished investigators should try to find sponsors such as the

"Investigations" television program, whose nimble journalistic investigations have reached all the way to Vienna.

Yonchev on Work of National Security Commission

AU3003094892 Sofia BULGARSKA ARMIYA in Bulgarian 20 Mar 92 pp 1, 3

[Interview with Dimitur Yonchev, deputy chairman of the Parliamentary National Security Commission, by Valeri Vasev; place and date not given: "Money Is Not Found by Goodwill Alone"]

[Text] [Vasev] Mr. Yonchev, you were responsible for the breakthrough in the attitude of the Bulgarian Socialist Party [BSP] toward the leaderships of the parliamentary commissions. What was your personal motivation for not wanting to remain in the shadows?

[Yonchev] It was my desire to play a full part in the legislative work, especially in legislative control. It is difficult for us as the opposition to influence the law-making process. I believe that the position in the leadership of the commission provides more opportunities for control. Apart from this, I have felt a moral commitment regarding the commission's work since last year. We must continue to build on the foundations we established then. I may tell you that my conscience does not permit me to stand apart from the problems of national security.

[Vasev] You mean that professionalism is the leading factor. How highly is it regarded by the commission's members?

[Yonchev] It is respected, but it would be difficult to find a parliamentary commission in which professionals predominate. Because of the dynamic democratic process, the people who meet the requirements do not always acquire positions of power. However, it is my impression that, when such people encounter professionalism, it makes them hungry for information. This is why I support the idea of holding six- or nine-month courses in national security at the strategic level at the Military Academy for cadres who make definite decisions on the problems.

[Vasev] It has already become known that a summary version of a bill on defense and the Armed Forces exists. Have you seen it?

[Yonchev] Not yet, but I have seen the concept on national security, which runs to several pages, and I can tell you now that I would want a bit more from it. I have also acquainted myself with the draft document on developing the Armed Forces until the year 2000. We attempted to apply last year's practice in the commission but encountered very strong resistance at the outset in relation to the subcommissions that are to draft views on individual national security documents. However, things are already changing.

[Vasev] I understand that you are completing work on the draft national budget for 1992. Can you give us your impressions on this?

[Yonchev] The budget as a whole arouses serious anxiety because it fails to mention entire areas such as provision of credits, where the money is to come from for certain purposes, and so forth. The budget is entirely based on profits tax, and you realize that, at the present stage of the reform, this is an imaginary value. It is to be expected that there should be cutbacks everywhere. What worries us particularly as a commission is the debt ascribed to the enterprises in relation to their mobilization obligations and capacities. We hold the view that the state should take over this debt.

[Vasev] What about the military budget, in particular?

[Yonchev] The unwillingness of the state to take over the mobilization capacities, which are valued at almost 2 billion leva, ties the hands of our defense industry. This industry is of key importance for our defense system, and, until the year 2000, everything is being developed on the basis of its capabilities. In my view, the only way the budget can be solidly defended is if I see a form of privatization that does not stop short at property restitution but provides incentives for production and an effective structural reform that will make it clear which enterprises the state will guarantee and which not. We must know where our defense industry is going and what its mobilization capacities are. My general impression when the budget was discussed in the government departments with military responsibilities is that we are all still learning how to draw up a market budget. We are inclined to support some claims, but we must know the specific grounds for them.

[Vasev] Nonetheless, will the commission form a unanimous view on the budget?

[Yonchev] I believe it will. It is a little premature, but I assume that we will unite behind the idea that the state should take over the mobilization obligations. We can also support, to a large extent, the demands made by individual departments and the Ministry of Defense. As we jokingly say in the commission, we are showing goodwill, but the issue is, where is the ready cash?

[Vasev] Are we likely to see a repetition of last year's failure to fulfill the budget in relation to the budgets of the military departments?

[Yonchev] Yes, the money has not yet been actually received; it was voted on but did not reach the places for which it was intended....

[Vasev] How about this year?

[Yonchev] The same possibility exists. The economic situation will be no better this year, in my view. Changes are already under way, so we must think very seriously about how to prevent our national security from being damaged.

Position on Military Budget Outlined

*AU3003135192 Sofia BULGARSKA ARMIYA
in Bulgarian 25 Mar 92 p 1*

[Report by Valeri Stanoev: "Military Budget Totals 5,635,500,000 Leva"]

[Text] On 24 March, the National Assembly discussed the draft law on the military budget. Nikolay Slatinski, National Security Commission chairman, summarized the commission position in seven basic points:

1. The Law on the Budget must contain, as a matter of principle, a clause on transforming credits for capital investment in military-related enterprises and credits for creation and maintenance of military supplies used by commercial associations and state companies into a state debt.
2. The commission emphasizes to the government that it is necessary to fully clarify the nature of the debt owed by commercial associations and state companies that used bank credits before 31 December 1990 for the construction of military capacities and the accumulation of military supplies. Otherwise, if the first point is rejected, the responsibility for covering these debts will be fully assumed by the government.
3. The commission supports the proposed 1992 expenditures by the Defense Ministry of 5,635,500,000 leva.
4. The commission accepts, in principle, the proposal of the Council of Ministers to allocate 65,200,000 leva for civil defense.
5. The commission could not reach agreement on a draft budget for the Internal Affairs Ministry.

Two additional points support the expenditures of other services related to national security. On behalf of the commission members, Nikolay Slatinski supported in principle the proposed draft law on the 1992 state budget.

Officer Announces 2d Army To Become 2d Corps

*AU3003190792 Sofia BULGARSKA ARMIYA
in Bulgarian 23 Mar 92 p 1*

[Interview with Major General Lyubomir Vasilev, commander of the 2d Army, by Lieutenant Colonel Engineer Bozhidar Spasov; place and date not given: "Today 2d Army, Tomorrow 2d Corps"]

[Text] [Spasov] Today the 2d Army, tomorrow the 2d Corps. Is it so, Mr. General?

[Vasilev] Yes, presumably, it will be the 2d Corps.

[Spasov] What will the consequences be?

[Vasilev] Until now, we basically have been assigned a zone of responsibility. The General Staff and the Ground

Troops Command allowed us the possibility to further resolve issues that have been decided in principle by them.

[Spasov] For example?

[Vasilev] Things related to precisely deploying the units and adapting the organizational-payroll structure to the new realities. We are in charge of the important matter of preparing the new payroll. We must make our proposals on those basic issues. The commanders of the units have also been asked to submit their proposals within a set period of time. The Military Council of the 2d Army will hear the names of the unit commanders and will present a joint opinion to the Ground Troops Command, prior to the discussion by the General Staff. Within the zone of responsibility of the corps that will be formed on the basis of the present 2d Army, there will be several brigades, a corps complex, and so forth. This is a very rational arrangement because each corps that is responsible for a certain zone could, at a given moment and under certain circumstances, concentrate its efforts and direct them through an internal maneuver toward the most greatly endangered area.

[Spasov] Rumor has it that your corps and the one that will apparently be created in Shumen will have the most difficult tasks because other corps will have structures that have already been created, and now they must merely be reorganized, while you are yet to create your units.

[Vasilev] The reform at the 2d Corps will be most easy. I say this because I am familiar with the conditions under which all other commands will be placed. It will be easy because many of the issues have been preliminarily resolved—I mean issues related to the Army Staff, the Army complex, and so forth.

Air Force Engineer Outlines Maintenance Problems

*AU3103182292 Sofia BULGARSKA ARMIYA
in Bulgarian 20 Mar 92 p 2*

[Article by Major Valeri Mladenov: "The Main Problem Is the Shortage of Foreign Currency"]

[Text] We should frankly admit that the aircraft fleet of our Air Force has become rather outdated (which does not mean that it is hopeless—editorial note). Specialists dealing with the aircraft equipment are well aware of what this means. Everyone realizes that, sooner or later, every aircraft needs repair. Pessimists and ill-wishers will be forced to swallow the bitter pill and admit that the situation as such is not as desperate as various news media tried to convince us some time ago.

Thus, for example, the Plovdiv Aircraft Repair Plant is in charge of the maintenance of MiG-23, MiG-21, and L-29 aircraft, with the exception of certain assemblies and pieces of equipment that cannot be repaired mainly because of the shortage of special adhesives. From an

interview with Colonel Bozhidar Gerasimov, chief engineer of the Air Force, I learned that two MiG-21 and MiG-23 training aircraft and one MiG-23 fighter are at present awaiting repair of their cockpit canopies. The reason for this is the shortage of "VITEF" sealer adhesive, which is not available in our country and has to be imported. Despite repeated requests and applications in writing, these goods could not be supplied for reasons unknown to the competent authorities.

The situation with helicopter maintenance is even worse. One Mi-24 helicopter has been idle in the Sofia Helicopter Maintenance Plant for almost a year and a half, while five other helicopters are also idle, although not for as long. The reason for this is simply that the plant is not capable of repairing all of the assemblies. Currently, they are still in the producer country, where they are supposed to be repaired and sent back. Until that time, the aircraft will remain inoperable and cannot be integrated into the Air Force. If we look at the problem from a different angle, we realize that we should not worry too much because the shortage of fuel prevents us from flying at full power anyway, so the idling aircraft and helicopters can hardly be considered a disadvantage.

This is where we touch upon the most crucial problem—namely, the repair and maintenance of aircraft equipment abroad. It is true that this is being done at present only in the Commonwealth of Independent States [CIS], but this does mean that it is free of charge.

We cannot be too demanding because the deadlines agreed upon have been observed. Nevertheless, the planes and helicopters do not fly on schedule because we have problems with the payment for the repair work, Gerasimov stated. For example, one TU-134B and two MI-8 helicopters are still over there [in the CIS] for the same reason. One SU-22 trainer is also idle because we do not have the \$1,130,000 required for its repair.

This situation is by no means exceptional, and forecasts for the future are even more pessimistic. Nevertheless, there is a certain amount of hope. The chief engineer is optimistic and confident that the time will come when the first stage of maintenance—namely, the so-called prophylactic maintenance and repair operations—will be carried out in our own Army aircraft maintenance workshops. Naturally, this optimism stems from the circumstance that, because of the restricted number of flights, the aircraft complete only a small amount of the flying time allowed before being serviced on a set calendar date. Naturally, this applies to the aircraft equipment maintained in Bulgaria because the documents that are drafted and executed by our institutions and the Air Force are valid only in our country's territory. It is clear that this suggestion is prompted by the fact that Bulgaria has no aircraft industry. Such a solution would permit us, within reasonable limits and without seriously jeopardizing the safety of the flights, to reduce the expenditures for the maintenance of our aviation equipment.

Budget Deficit Reflects Kostov's Changing Views

92BA0673B Sofia 168 CHASA in Bulgarian 10 Mar 92
p 11

[Report by Ivan Kostov, minister of finance: "We Are in the Hole for 21 Billion and Are Expecting a Deficit of 28 Billion"—first paragraph is 168 CHASA introduction]

[Text] The difficulty of the budget problem has tripled. However, a new step in changing the system is Minister Kostov's philosophy.

The Cabinet depicted its 1992 financial policy as the solution to a particularly difficult problem. It is related to finding a delicate compromise between conflicting interests. The Cabinet accepts the minister's program and points out that the task is becoming twice as hard under the conditions of economic decline, loss of markets, poor market circumstances, and a lack of entrepreneurial motivation.

The difficulty of the problem triples with a reduction in the share of budget revenue in the gross domestic product and with the control exercised by new and old creditors. The deficit has been computed at 4.3 percent of the value of goods and services produced in the country, as compared to 3.9 percent for 1991. From 21 billion leva last year, its gross amount is expected to reach more than 28 billion this year. The share of budget revenue in the gross national product is projected as showing a drop from 41.1 percent to 34.6 percent.

The macroeconomic framework is pessimistic. Production, which declined by 19.5 percent in 1990, dropped by yet another 27.8 percent in 1991. Real wages were 56.4 percent of the 1990 level and will be frozen at that level. In 1992, we expect further intensification of negative trends. Nonetheless, the government intends to limit inflation to 3 to 4 percent monthly, with unemployment not to exceed 12 to 13 percent, and to strengthen the market despite a further anticipated drop in output by some 10 percent.

What is new this year is that the budget will not rely on external financing of the deficit. The opposite will even take place: The net indebtedness in international operations will be 2.9 billion leva. This does not include eventual payments made to foreign creditors.

The debt will be compensated with an increased amount of internal financing, which will total 12.2 billion leva. Securities will be issued worth 7.2 billion leva and redeemed for 4 billion. The difference will account for about 26 percent of the deficit. The balance will be directly credited by the Bulgarian National Bank with 8.9 billion leva, which will increase the country's internal debt.

Social security is blamed for having depleted the purse of the state last year. It is admitted that the preliminary estimates did not coincide with expectations, which led to significant subsidies for pensions and social welfare. That is why a process is now being initiated of separating these amounts from the state budget. The projected

revenue is 22.692 billion leva and expenditures 24.369 billion. The difference will be covered by government subsidies.

Another 5 billion leva of debts that were written off and that had been incurred by state-owned companies must be added to the 5-billion-leva deficit from social security in last year's budget. A more refined way for meeting their obligations is now being suggested. The Cabinet will ask for authorization to provide state guarantees to the banks on such debts, computed for the end of 1990. It will be manifested in paying the difference between the revenues of the banks and income from privatization or the closing down of inefficiently working companies. The payment itself will be made with a new long-term bond issue.

The financial program stipulates that the entire tax reform will be voted by parliament this year and enacted starting with 1993. Any postponement, justified by Minister Kostov by citing organizational difficulties, presumes a new and stricter way of collecting budget revenue and maintaining and increasing the tax burden of companies and the actual increase in the planned deficit.

To stimulate economic initiative in yet another way, the financial program calls for stabilizing and lowering the level of the basic interest rate of the Central Bank. It is unlikely that such an idea can be implemented, considering a drastic reduction in production and demand, the huge deficit, and the untamed inflation. Even now, with an officially declared interest rate of 54 percent, it is in fact 60 percent for the commercial banks and even higher for their customers.

Other hopes are linked to the State Reconstruction and Development Fund. In addition to the more than 4.46 billion leva it has collected, additional income in excess of 10 billion leva is anticipated. However, most of this money is related to obtaining another portion of loans from the World Bank and the European Community, which is uncertain.

After one year of reform, the program admits that the condition of the economy is "characterized by a brittle balance and high uncertainty for the future."

What We Inherited and What We Expect

	In Million Leva	
	1991	1992
Revenue	55,493	77,61
Expenditures	76,059	106,118
Tax revenue	51,304	72,950
Nontax revenue	4,189	4,810
Interest on foreign loans	16,106	21,176
Interest on domestic loans	8,154	9,033
Subsidies	5,272	4,073

What We Spent and How We Will Spend		
	In Million Leva	
	1991	1992
State services	2,363	3,134
Social security	18,790	27,912
Health care	5,556	8,766
Science	650	973
Culture	1,196	1,549
Education	7,575	10,835

Breakdown of EC Funds for Energy Projects

92BA0673A Sofia DELOVI SVYAT in Bulgarian
6 Mar 92 p 6

[Unattributed report: "10 Million European Currency Units for the Energy Sector"]

[Text] An agreement is about to be signed between Bulgaria and the European Community, granting us 10 million ECU's [European Currency Units] for our power industry. This is in addition to the 11.5 million ECU's already granted specifically for our nuclear power industry.

The purposes for which this money will be granted are the following:

- Adapting energy production to the principles of a market economy;
- Improving nuclear safety;
- Making optimal utilization of existing resources;
- Rationally using energy;
- Increasing the variety and safety of supplies;
- Protecting the environment.

A team of special advisers will work on the restructuring of the energy sector for a period of 24 months. The team will draft a program for the development of our energy sector. This is something that to this day our governments have been unable to undertake.

The purposes and amounts of the funds to be granted:

- Aid for restructuring the energy sector, 3.75 million ECU's;
- Nuclear sector, 1.2 million ECU's (a national repository for discarded nuclear waste);
- Lignite deposits, 1 million ECU's;
- Natural gas supplies to households, 300,000 ECU's;
- Formulation of an energy strategy, 1 million ECU's;
- Converting Kozloduy to work with gas, development of the first stage, 250,000 ECU's;
- Second stage, 500,000 ECU's;
- Aid to managing the energy sector, 600,000 ECU's;
- Funds for the work team, 500,000 ECU's;
- Cost of evaluation, 300,000 ECU's;
- Unforeseen expenditures, 600,000 ECU's.

Two million ECU's from this grant will be provided in 1992. They will be used as follows:

- Restructuring of the sector, 500,000 ECU's;
- Nuclear sector (waste), 500,000 ECU's;
- Electric power supply, 500,000 ECU's;
- Cost of the team, 500,000 ECU's.

The funds will be released over a period of three years, and their release in the future (for the remaining two years) will also depend on the extent to which the stipulations of the donors have been met.

Business Data, Electronic Bulletin Boards

92BA0570A Sofia IKONOMICHESTKI ZHIVOT
in Bulgarian 12 Feb 92 p 11

[Article by Grigor Iliev: "An Attempt To Define Trends: Business Information Is Becoming Part of Bulgarian Everyday Life; Weaknesses Go Along With Successes; The Electronic Commercial Brokerage House Is a New Element of the System"]

[Text] The more we adopt a market economy, the more we are concerned with the problem of business information. It is precisely business information that gives us the answers we cannot do without: what is manufactured where, in what quantity and with what quality, what the sale price is, and so on. And also, does business information cover all areas of economic activity in our country and the entire territory of the country? Does it use state-of-the-art methods for information gathering and dissemination? Do the installed systems share information, or do they maintain it only in their "closed" circle? Are these systems linked to similar systems in other countries? And, finally, what is the quality of the information, and what is its price?

Of course, we cannot answer all these questions in detail now, but we can indicate some of the emerging trends.

First. Advertising and offerings are starting to be used extensively by the press and on television and radio shows. Some specialized publications and shows have appeared that we cannot do without in our daily lives.

Second. Information is beginning to flow regularly from such market economy institutions and entities as banks, commodity exchanges, (the opening of a stock exchange is forthcoming), brokerage houses, brokerage firms, exchange bureaus, and others.

Third. Modern systems for information gathering, storage, and dissemination have appeared and have paved the way for foreign business information to come into our country, and for our business information to go abroad.

At this stage, however, business information gathering and dissemination in our country have some serious shortcomings:

—They do not cover the entire territory of the country. Small businesses in small remote cities, villages, and farms are isolated, in the information sense, from our daily economic routine.

—Modern contemporary systems service only the "top floors" of business in our country. Often the systems are, in a way, "closed circles" and circulate information only in their "own spaces."

—Almost all sources of information are built on the principle of greater profit rather than on the principle of timely and efficient business service.

Can these weaknesses be overcome? The answer is undoubtedly "yes." It seems that an attempt in this respect is made by the established and already functioning Electronic Commercial Brokerage House (ETPK) in Sofia. Sofia is said somewhat relatively because its founders hope it will "take over" the entire territory of the country and reach every town and every company. It is sufficient, they say, to have a telephone and 20 stotinki to reach its closest post and get the information one needs. And something else—it may have data from almost all information sources in our country and to circulate them in its system at all times, day and night, without stopping; it can receive data from other and foreign information systems, as well as enter its own. Or, as its founders say, in the near future you will be able to participate, from your own company office, in the auctions of the Bulgarian commodity markets to learn what is being bought and sold at the Athens and Paris markets, and they, in turn, can learn what is being bought and sold in Bulgaria. If they sign contracts for this, of course.

But what is the nature of this so attractive ETPK? It is an association of companies interested in using the most current electronic means and methods for the gathering, dissemination, and commercial use of business information.

"Our civil association ETPK," its president, Minko Mikrenski, said at the opening, "is established to carry out commercial brokerage activities by using the national INFOTEL video text system capabilities."

Here we should say a few words about INFOTEL. As it is well known, this is the Bulgarian video text system, such as Teletel in France, Prestel in England, and Bildschirmtext in Germany. It emits information 24 hours per day "to all points" in Bulgaria and the countries in Europe and North America. This information is commercial and financial news, banking information, infoservice, legal regulations, data on Bulgaria, information on cultural events and sports, and so on. This wealth of information is entered and stored in the INFOTEL data base center. Any subscriber can use it through a telephone, a computer, and a modem, or through the national telex network.

The ETPK relies on this technical and information base, but it also plans to use it together with business information gathered by the ETPK regarding active commercial interactions among the associates. They acquire the right to:

—have access to the electronic bulletin board with business data from the country and abroad, 24 hours a day;

—enter on the bulletin board their offerings, which immediately become accessible to all other subscribers;

—negotiate and sign agreements that are favorable for them—that is, to buy and sell goods, currency, and securities through the system;

—use the wide selection of commercial and financial information to continue to develop their businesses.

In this case, it is impossible to enumerate all the possibilities of the ETPK system or tell the way to make business deals. That is another topic. Also, anyone can get detailed information about it by calling 86-13-341, 87-27-27, 86-13-361, or fax no. 65-85-06, or by coming in person to the office on Aksakov Street #29, Sofia, second floor, room 207.

We are very interested, however, in learning whether the ETPK will help eliminate some of the above-mentioned weaknesses in business information gathering and dissemination in our country. For example, will the lack of information in the different areas of the country be eliminated, and will even the smallest manufacturers and merchants from the most remote parts of Bulgaria be able to access the information and make deals using it?

When we conducted the interview (this was at the end of last year), the house had 146 stations in the country, and it was said that, by the end of last year, it would come to the villages—that is, anywhere there are telephones—and so, for 20 stotinki, you could access the system. The ETPK would like to serve primarily medium and small businesses. It will be able to organize information reception from almost all sources in our country, as well as from abroad, and it, in turn, will supply them with information from its own bank. So, little by little, we will "open the closed circles" and will link them to the unified information whole, without the systems' losing their specific character, independence, and ability to compete with one another. The goal is for them to work like well-connected vessels.

The ETPK will help overcome the vicious practice in our country of organizing business information only to make a lot of profit. It is difficult for us to explain such a practice: For example, an offer is announced in the press, and, if you are interested, you have to pay to be told who is making the offer. What if 10 or 20 people call regarding this offer?!... What if the person making the offer and the seller have a prior agreement and make an attractive offer, knowing that, under no conditions, will

a deal come out of it?... Some may counter that the best-known companies in the world spend the most for advertising. This is true. But we should not mix ordinary business information with businesses' special advertising. The issue is as debatable as it is clear!

When a person thinks about these problems, the following question arises: Aren't there too many newspapers, television and radio shows, special publications, newsletters, systems, associations, and so on and so forth, that handle business information? From the beginning of this year, several new offspring have emerged, among which is the Suni bulletin board. Aren't we going to get to such an absurd situation where manufacturing and commerce will not be able to feed enough information into the enormous information space?... Fortunately, such an absurd situation is impossible. Market economy laws are in effect here, and only those who are viable because of their mobility will survive. Our idea is that those who participate in such industry must show extraordinary flexibility. It is not by chance that, when production fell in some developed countries, business service companies were the hardest hit. And this must be kept in mind by those who regulate this area.

And so it goes: Today the ETPK, tomorrow the Suni bulletin board, the day after the Pchela [Bee] system. All of them are channels that would link the economic activity in the country into a whole, create equal conditions for business on the entire territory, and connect it to the world. This is why, while studying the strong and the weak points of this newly developed industry, we must welcome everything new that elevates business services to a higher level.

Statistics on Hard Currency Trading Published

92BA0601A Sofia DUMA in Bulgarian 20 Feb 92 p 5

[Unattributed article: "\$2.120 Billion Is the Turnover of the Interbank Money Market During the Past Year"]

[Text] The commercial banks bought \$1,084,388,009 during the past year, and sold \$1,042,517,141 of the green money on the Interbank Money Market, which turned one year old yesterday. As is known, on this day for the first time the Bulgarian National Bank [BNB] determined the central rates of exchange of the currencies to the Bulgarian lev. From that time on, the commercial banks in the country have had the right to buy and sell convertible currency in an unlimited amount, at prices that are economically favorable to them. According to the money experts, this is one of the achievements of the bank reform in our country.

The information from the Central Bank states that the banks bought the U.S. currency at a rate between 16.00 and 20.668 leva and sold it at a rate between 17.876 and 20.146 leva.

Fourteen commercial banks are permanent members of the Interbank Money Market. It also includes some of the brokerage houses that have been created.

Experts from the Agency for Economic Programming and Development confirm that the money market has been isolated and tight during the past year. The data of the annual survey of the agency show that the daily turnover is not more than \$13 million. The experts consider that the market depends on internal factors and not on the basic trends of world money markets. According to them, the banks, market makers, and the BNB play leading roles in the market. The private exchange offices exerted strong influence in the formation of the central currency rate through higher quotes and a greater share in the general turnover of the buying and selling of hard currency.

The Central Bank intervened with \$240,460,719 in the money market, which it sold in the commercial banks during the past year. According to experts, the capabilities of the BNB are limited by the currency reserves, and its interventions do not have an appreciable effect.

The organizers of the money market believe that the open exchange sessions for intercompany and interbank transactions with hard currency, which begin on Monday, probably will get the money market going. According to them, the exchange sessions will determine the market value of the dollar.

Chemicals Traded on Sofia Commodity Exchange

92BA0601B Sofia DUMA in Bulgarian 20 Feb 92 p 5

[Unattributed article: "Polyvinylchloride, Powdered Rubber, and Polyethylene Are the New Offers on the Sofia Commodity Exchange"]

[Text] Polyvinylchloride, powdered rubber, and polyethylene are being offered on the Sofia Commodity Exchange for the first time. In addition to this, there is a large amount of urea, potted plants under a Dutch license, eight types of fruit trees, toilet articles, flooring, wall-to-wall carpeting, hot water heaters, bottles for liquefied gases, and other commercial items.

Canvas and duck gloves, plastic work vests, sleepwear, Rhodopian blankets, and flour sacks will be traded in the manufactured-goods session on Friday.

There is interest in the Japanese audiocassettes, disquettes, coaxial cable for computer networks and systems, technical scales, self-charging, portable lamps with batteries and drawing scales, and imports from Germany that are offered.

Significant amounts of nails, one-sided sheets for mechanical saws, aluminum joinery, galvanized and steel wire will be sold.

Buyers are looking for tin-plate, scrap copper certified as having a copper content between 99.2 percent and 99.5 percent, scrap iron, ammonia solution, and 300,000 tons of bulk urea.

Criticism of Trade Union Role in Miners Strike

AU3003112992 Sofia DEMOKRATSIYA in Bulgarian
24 Mar 92 p 1

[Editorial: "Two Steps Forward, Three Back"]

[Text] The trade unions are up in arms again, for who knows what time. Let us not argue about who followed whom, although it is clear that the Confederation of Independent Trade Unions in Bulgaria again trotted behind Podkrepa, albeit at the last moment it decided to improve its image a bit. So, the miners and those employed in ore mining are dissatisfied! Do they have a reason? Of course! The mines and enterprises of the branch face bankruptcy, and, in some places, wages have not been paid for months. Why? Simply because, if Bulgaria is poor in democracy content, the ores are absolutely poor in lead, zinc, and uranium content. Thus, they have actually become a unique phenomenon in the practice of processing.

However, the two trade unions were able to find the magic key to increasing their membership in this entangled ball of contradictions. Throughout the civilized world, the trade unions do not dare to militantly defend unprofitable productions; while they are organizations that protect the rights of the workers, they are also sufficiently versed in politics and economy.

The slogan that has been raised in our country, "The worker is above everything else," smacks of something old and painfully familiar. However, this is not the trouble. The trouble lies in the possibility of a direct confrontation precisely now, when the reform, so much desired and difficult to implement, is taking its first steps. Do the leaderships of the two central trade unions know this or not? Are they doing what they are doing deliberately or out of sheer stupidity?

Who gains and who loses in this incredibly shallow and yet cunningly designed attempt to create a confrontation between two sides, which logically have the same interests? It is certain trade union leaders rather than the workers who gain. Bulgaria will lose.

Minister Pushkarov Accused of 'Stubbornness'

AU0104115592 Sofia PODKREPA in Bulgarian
26 Mar 92 p 1

[Commentary by Ivaylo Vasilev: "Minister's Stubbornness or Confidence Crisis"]

[Text] The question of Minister Pushkarov's resignation is being put point blank. No one can pretend to overlook the problem any longer. The justified demands of the miners are also evident. People are fighting for their daily bread. If things could simply be reduced to the minister's stubbornness, as some people assume, the miners and their trade union would settle the problem by themselves. The question, however, is that the "Pushkarov problem" has gone far beyond the framework of an ordinary trade union conflict.

For several months now, Bulgaria has had a noncommunist government on which the hopes of our entire people have focused. Each of its steps is carefully watched. Not only outsiders but also the government's own people are watching. We who voted for democracy are ready to forgive the government every time it stumbles because we know about the difficulties it has inherited from the past. We are ready to defend it against attacks. This is so because we voted confidence in the new government and entrusted it with the implementation of our expectations for the future. Woe betide the government, however, if it should betray our confidence, if it should demonstrate that, as in the past, the actions of "our crowd" should be concealed, if it turns out that, being anxious to keep his minister's chair, a member of the Cabinet should deliberately overlook the facts, if once having come to power, the ministers forget who elected them and for what purpose they were elected. The problem with Puskarov (and not with him only) is not so much a question of the miners, or of the Podkrepa Labor Confederation. It does not concern solely the government. The problem is currently focusing on the outward expression of an emerging crisis of confidence involving the democratic administration. It concerns the capacity of the Union of Democratic Forces [SDS] to rule without corruption and careerism. It concerns the SDS capacity of self-purification. Any doubt leads to a loss of confidence, and, without the confidence of its supporters, the SDS will not be able to fulfill its historical mission. It will not resist the open aggression and the rising nationalism. If our new politicians prove incapable of courageous decisions, they not only are jeopardizing their own political future but risk losing the general public's confidence in the institutions of the democratic state.

People believed the first time.

However, there is nothing more terrifying than the power of retaliation for dashed hopes.

ODTs Leader Calls for Labor Code Changes

AU3003095592 Sofia DEMOKRATSIYA in Bulgarian
23 Mar 92 p 1

[Interview with Lyubomir Pavlov, secretary of the United Democratic Center, ODTs, by Stoyan Stefanov; place and date not given: "Those Who Caused the Trouble Still Hold Leading Posts"]

[Text] [Stefanov] The National Council of the United Democratic Center [ODTs] held a meeting on 23 March. What issues were discussed?

[Pavlov] We discussed the present political situation, the progress of the economic reform, the participation of the ODTs in the forthcoming national conference of the Union of Democratic Forces [SDS], the problem of the status of the National Intelligence Service, the necessity for immediate changes to the Labor Code, and certain organizational matters. The ODTs' National Council believes it is vital that the government's work is improved and submits for the consideration of the prime minister and

the SDS parliamentary group the idea that deputy prime ministers be elected responsible for the economic reform and the reformation of the local governing structures.

[Stefanov] Why do you think changes are needed in the Labor Code?

[Pavlov] With the code that is in operation at the moment, it is impossible to dismiss even the most incompetent employee, never mind a director. The replacement of incompetent governing cadres and those acting with ill intentions has a decisive significance for the success of the economic reform.

[Stefanov] Is this criticism also leveled at Stoyan Ganev, the ODTs chairman, in his capacity as a member of parliament?

[Pavlov] In his capacity as deputy prime minister—yes. However, he is one of the ministers who has begun cadre changes, and, on the whole, our foreign policy is assessed

positively abroad as well as at home. We ought to have a deputy prime minister who has no connections whatsoever with a ministerial post and who is the driving force and coordinator of the economic reform.

[Stefanov] In the last "Panorama" television program, Minister Ganev stated that the ODTs supports "the drawing up of an inventory of local governing cadres." What, in essence, will this procedure entail?

[Pavlov] The nation is shouldering the burden of the crisis, while, in many places, those who have been in power for decades and who have a definite responsibility for the country's failures continue to hold leading posts. There is an even more serious problem with individuals nominated by the SDS who turn out to be incompetent or who apply communist methods. We will also be uncompromising toward them. We must prove to our people that we can govern mindful of the principles of objectivity and democracy.

Czechoslovakism, Czech-Slovak Reciprocity Defined

92CH0411A *Prague PRITOMNOST in Czech*
No 1, 1992 p 7

[Article by Jan Horalek: "Czechoslovakism: More Than Words"]

[Text] It is already the second year that we have pussy-footed around the fading little flame of the Czechoslovak state; whenever we try to fan our common fire, we just blow ashes into some fraternal eyes, and so the flames in our hearth are dying. For one or another reason, this brings tears to our eyes, but because there is no draft in the fireplace which we have not built, we blame the nonexistent builders and the chimney sweeps.

The Czechoslovak idea: Today it seems that anyone is ready to apologize for it in almost the same way as in the past for the "breakup of Austria." I do not refer here to Czechoslovakism—which has become something akin to an invective (just as a number of other isms which have lost their meaning and simply turned into pejoratives). If anyone dares to jump over the fence of disgrace to look for its more acceptable meaning (for instance, Miloslav Bednar in *PRITOMNOST* No. 4, 1991), such attempts are at best tactfully left unmentioned.

Nevertheless, we should make distinction between the two concepts. Czechoslovakism will continue to be used as a term for an artificial program of national unity of the Czechoslovaks—be it as an unacceptable concept of ethnic nation or in the unattained civic sense. On the other hand, let us understand the Czechoslovak idea as a notion and experience of both our national solidarity (or in this sense, the Czecho-Slovak idea) and our state unity. These two aspects of that term can be neither denied nor excluded.

We are used to regard our Czechoslovak citizenship as a given, as a natural phenomenon, and occasionally, whenever something seems to go wrong with it, as a natural disaster. However, the Czechoslovak idea has not been around since times immemorial; it neither appeared spontaneously nor descended from the skies. In its broader and less specific form, the Czechoslovak idea was germinated and cultivated by several generations of the so-called national revivalists—both Czechs and Slovaks. Ultimately it was brought about by the founding of our republic in which it was supposed to grow strong not because of any recognized necessity but as a chosen way (in other words, not gnoseologically but teleologically).

My reference to our national revivals is not incidental. If the Czechoslovak idea should have any meaning and be no empty word (or, God help us, an expression and means of usurpation or colonization of Slovakia, according to insinuations against the Czechs from extreme positions), it must be a dichotomous, dual, two-some concept consisting of two national entities and encompassing aspirations of each of them. So far the Slovak revivalists—Kollar and Safarik in early days and

later particularly the nationalists beginning with Stur or Bernolak—were at least the godfathers of the Czechoslovak idea, although even during the national revival national aspirations of the Slovaks were not the same as those of the Czechs.

No matter how often it had brought the Slovaks closer to the Czechs or motivated them to imitate the Czechs, the Slovak revival in its first plan followed its own national interests—and as a matter of fact, so did also the Czech revival. Slovaks drew closer to Czechs mainly because—and when—it was advantageous for them. Although most often it was just as advantageous for the Czechs, it did not always have to be (and was not) necessarily for the same reasons. The Czechs tended to ignore this fact which began to be felt very keenly after the founding of our republic. Of course, the establishment of the Czechoslovak Republic put an end to the Magyarization of Slovakia and accelerated the culmination of its national development, but it also opened space for new Slovak ambitions.

The Czechs are wont to condemn the conduct of the Slovak political leadership after Munich and its share in the breakup of our republic. However, one cannot forget that Munich did not bring a disaster only to the Czechs and to Czechoslovakia whom everybody abandoned; it meant also a debacle of the Czechoslovak idea—at least in terms of its political success. The events that followed evolved more or less by compulsion. Over the next six months Slovak politicians opted for the relatively most expedient—or as the case may be, the least disadvantageous—way which, of course, was their only really feasible solution.

The Slovak national uprising is often invoked in contradiction to the political orientation and praxis of the Slovak state as a cathartic break with fascism and with the Nazi alliance. Moreover, it is seen as a signal of a renewed recognition of the Czechoslovak idea and as a sign that the notion of an independent Slovakia had been abandoned. However, that is not quite accurate. Let us set aside the fact that part of the communist left wing was eager to annex Slovakia to the USSR; there were hopes that Slovakia itself—possibly like Italy—would be able to join the coalition against Hitler. Naturally, in the given geopolitical correlations the model of Italy (including its subsequent transformation from fascism to democracy) remained one of unattainable dreams; nevertheless, it is evident that the adopted Czechoslovak solution did not necessarily "reflect the will of the overwhelming majority of the Slovak nation"; this option was relatively the most expedient and in fact, compelled by circumstances and thus, essentially the only possible solution.

As concerns the form of that statehood, its political praxis and its results, Slovakia's brief experience as an independent state may be given in general a negative rating—yet it cannot be expunged from history or from people's minds. Nor can one presume that besides feelings of shame for its dark aspects, it has not strengthened

to some extent also national self-awareness and aspirations for a sovereign state (certainly not because that state stood against the superpowers in the war, but because it was an established state and because on the whole it functioned). Of course, like it or not, this must be taken into consideration. If our common—Czechoslovak—state should look forward to any future at all, it must properly meet even those ambitions. And what is more: It must know how to use them in the interest of its own, broader statehood.

Over the past two years fears were frequently expressed that Slovakia was becoming too Slovak. I should like to point out the fact that Czechoslovakia has not become Slovak enough. Many people may think that I am exaggerating; however, I may simply mention our capital city as an example. It is a moot question whether it should be Prague; but as far (or so long) as it is, it should at least have some Slovak cultural and educational institutions—theaters, libraries, galleries, and schools. Quite a few Slovaks live in Prague. It does not matter who is to blame, we all are poorer because of that.

As our state and its capital city, our Czechoslovak idea is not Slovak enough. Because Czechoslovakia (unlike Czechoslovakism) does not have to stand on it—all it wants is to rest on it—it is not necessary to connect Czechoslovakia with the program for a common state. As a matter of fact, our common state is now being narrowed down practically to issues of economy, security and foreign policy, in other words, to a purely utilitarian focus. The Czechoslovak idea is not (only) a program of the state but of shared proximity; it is based on a more spiritual and ethical level.

It is, to say the least, precisely culture in the essence of the Czechoslovak idea whose lack is very painfully felt—perhaps more than ever during the past twenty years—which again is our common loss. The Czechs are missing such close, inspired contacts with another culture they can easily understand; by the same token, here is a barren field where the Slovaks could demonstrate both their unique creativity and their need to present to a broader forum something intrinsically Slovak. Slovak culture should not be at all distressed that it would enhance also our awareness of solidarity (and give it also a deeper meaning).

UDMR's Relationship With Democratic Convention

92BA0470A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 28 Jan 92 pp 1, 3

[Interview with Laszlo Mina, chairman of the Brasov county chapter of the Democratic Union of Hungarians in Romania, by Katalin Beres in Brasov; date not given: "The Convention as a Possible Political Model"]

[Text] We came from Tatrang, intending to go to Apaca. Previously, we also participated in the local electoral meeting at Brasov. Everywhere we went, much was said of the role and aims of the RMDSZ [Democratic Union of Hungarians in Romania—UDMR in Romanian] at the Democratic Convention: What prompted the RMDSZ to join the Convention, and how will it make use of the opportunities given by the political model in protecting Hungarian interests? This is the question we asked of Laszlo Mina, chairman of the Brasso County RMDSZ branch.

[Mina] The structure of our county organization was shaped in accordance with the numerical proportion and situation of Hungarian speakers. In this region they live in peculiar blocks and scattered mixtures among other ethnic groups. In two localities, Hungarians live in blocks, and 70 percent of them voted for the RMDSZ. There are a great many other communities in which Hungarians represent 40-42 percent of the residents. Their proportion is so low because the 1977 regional administrative lines were drawn so as to enable authorities to turn Hungarian majorities into minorities. The opposite extreme is represented by such places as, for example, Rozsnyo with 100, Predeal with 30 and Voila with six Hungarian speakers. The situation of Hungarians in the city of Brasov is also peculiar. Forty-thousand Hungarians live here, intermixed with 400,000 Romanians. This is an important factor for our local organization, determining our tactics and strategy. By the way, 80,000 Hungarian speakers live in the county, and we received 34,000 votes during the legislative elections. We maintain files on 30,000 potential RMDSZ followers, and 21,000 people pay regular membership fees.

[Beres] Obviously, this residential structure prompted you to seek collaboration with external political forces.

[Mina] The notion of utilizing a convention and cooperation arose quite early in the existence of our organization. In the winter of 1990, we organized a candle-and-book march for 10 February in order to stress our demands for our own schools. We felt that, in order to ensure the participants' safety, it was important for us to get in touch with the leadership of all parties and explain our aims. This was how our cooperation started. And if we can say that today there are two Hungarian secondary schools in Brasso county, this can be attributed to the fact that we could show the decisive political forces the significance of these schools. Practice has shown us how important it is to maintain contacts among the parties. We subsequently decided to formalize such contacts.

Thus, in the autumn of 1990 the RMDSZ county organization invited the leaders of all other parties to an afternoon tea party....

[Beres] Did all of them show up?

[Mina] With the exception of the Romanians' National Unity Party, they all honored us with their presence. Representatives came from the [National Salvation] Front, the youth wing of the Liberal Party, the German Democratic Forum, and the Christian Democratic Party, and I recall that it was the latter who brought the first book for the future RMDSZ library: The dramas of Ionesco, published by the Szepirodalmi Kiado [of Budapest], in beautiful bibliophile format....

We invited them in order to get to know them and create human contacts among each other. As it turned out, our politician colleagues valued the subsequent get-togethers (which were held every three to four weeks). During these meetings, we discuss topics quite freely, but adhere to our principles firmly. The primary value of this opening is that, to the extent possible under the circumstances, we have been able to explain why representing Hungarian interests is a valid concern, and this was accepted by the other parties' leaders. Let me cite one illustration of this: In the summer of 1990, when local administrative organs were appointed, the RMDSZ was the only party consulted by the [National Salvation] Front. In communities inhabited by Hungarians, we agreed at that time to nominate RMDSZ mayors. This happened in Alsorakos, for example, where the same mayor is running in the coming elections on the RMDSZ ticket. It should be noted that during that period 15 percent of the councilmen-nominees operating in the county were from the RMDSZ. In the past year and a half these individuals became acquainted with their communities' problems and the operation of local administration, and they learned what problems should be placed before the electorate, once the time came for free elections. At the time, we collaborated with the functionaries of the [National Salvation] Front in dividing the county; together we went from community to community to determine who would be the best suited official.

[Beres] Does not it cause disagreement that the RMDSZ collaborates with the Front?

[Mina] One can condemn a party because of its ideology; however, in this case we did not operate as a political party but as an organization representing the interest of Hungarians. By the way, it is my personal conviction that, regardless what party is in power, there are certain areas in both the local and central government where it is imperative for Hungarians to be represented. I am primarily thinking of the Ministries of Education, National Defense, or Culture, but the same thing is also true for local councils, in communities that are inhabited by Hungarians. After all, I can personally testify that no anti-Hungarian word was ever uttered during the Brasov

county council meetings, simply because our presence there has always had a moderating effect.

[Beres] It is said that certain representatives of the Romanians in Brasov county even condemned the Har-Kov report....

[Mina] That was revealed at the regular weekly meeting of the Convention, which occurred the same day when an afternoon of reading was held at the National Assembly. By the time our deputy, Mr. Golle, arrived after the reading, our Romanian friends, the presidents of the local Liberal, Peasant Party, Citizenship League and Social Democratic organizations, presented him with a ready proclamation in which they condemned such interethnic diversion. A day and a half later the local newspaper printed the protest, and a deputy, Mr. Lugojan, read it in the National Assembly. Romanian Television, on the other hand, which promised to broadcast every word as it was uttered, omitted the protest that was read by the deputy....

[Beres] What sort of problems arose in the Convention in the course of preparing for local elections?

[Mina] After lengthy debate, members of the Convention understood why, following the feverishly anti-Hungarian autumn, Hungarian and Romanian nominees should not be placed on a joint list. We could do this only in localities where we feel that the mood is suitable. Otherwise, due to the strength of the nationalist wave, we could alienate either Hungarian or Romanian voters....

When it comes to the democratization of the Convention's work, it was greatly aided by Mr. Corneliu Coposu's short statement published in the Romania Libera, calling on representatives of the Christian Democratic Peasant Party not to strive too rigidly for positions of power, and make every effort to protect the platform's interests during the election. This gave the local leaders of the other parties something to think about, making them more malleable, and easing our work.

Nevertheless, certain decisions were preceded by lengthy debates, which made us realize that democracy is much more exhausting than the practice of simply issuing commands. For example, here is one of the primary issues: that of the mayoral nominee for the city of Brasov. Each party wanted to see its own candidate nominated.... In the end, we had a great role in forming and ratifying the view according to which the nominee should be a person who is equally distant from each party and who is capable of synchronizing opposite points of view.

However, the process of selection and arbitration was interrupted by practical problems which also took up a great deal of our energy. There was, for example, 8 January, when we learned that the Front, lead by Petre Roman, wants to open its national election campaign in our county. We thought, if it is an election campaign, let it be a real campaign, let us too participate in

it, specifically by taking the edge off the planned Front assembly. So we passed a resolution, according to which we would start the Democratic Convention's national campaign the same day, and almost the same time as the Front's opening meeting. Since we heard the Petre Roman would address several thousand people in the Sport Hall, we rented the National Theater. We asked the national leaders of parties that make up our Convention to honor us by attending the initial event of our campaign. And a great many of them came, too: Corneliu Coposu, Nicolae Manolescu, Radu Campeanu, Sergiu Cunesco, Ticu Dumitrescu, Nicu Stanesco, Simina Mezincescu, and others. The RMDSZ sent its vice president to represent it. Gabor Kolumban's brief speech was very successful. He said that we, Hungarians, are here because we wish to share democracy with Romanians. I must say that we really looked for Geza Domokos would show up. His presence would have been very important as a propaganda feat, and would have contributed to the local organization's prestige; frankly, we wished to use this event to gain votes. Moreover, his personal popularity would have benefitted from attending....

[Beres] Let us talk about the small details of preparation for the local elections. How does the county RMDSZ participate in this?

[Mina] We participate in the election campaign in a variety of ways: Sometimes together with our Romanian friends, sometimes separately. We [might] explain to our people why a certain seal must be placed in a certain place. Things like this must be explained very precisely and clearly. We are making the second round of the county during this campaign. The first time we did this during the break in parliamentary sessions, between 21 December and 3 January, when we were on the road every day. We had discussions with local organizations, called their attention to the pitfalls of the law, and emphasized the importance of adhering to nomination deadlines.... We visited every community. To some, we returned two or three times, and tried to explain to the Hungarian residents to nominate mayoral candidates in the interest of the platform. Unfortunately, there were places where we could not convince people that this is useful.

[Beres] The period of nominations has closed. What is the situation in Brasov county now?

[Mina] Of the county's 52 communities, six have an RMDSZ mayoral candidate: Apaca, Oltheviz, Homorod, Alsorakos, and Urmos have Hungarian candidates on the RMDSZ list, while Szasztyukos has a German. When it comes to council elections, we have an independent Hungarian list in 17 communities, among them the city of Brasov. We nominated mayoral candidates jointly with the Democratic Convention in 17 communities, and two of these are Hungarian (in Tatrang and Keresztvar). In seven communities we have joint coalition lists, and there is one community where the

RMDSZ supports an independent candidate. In Szece-levaros, where a peculiar situation developed, after the withdrawal of the Social Democrats the Convention's parties broke into two factions. Since talks with county leaders did not bring satisfactory results, local organizations of the Peasant and Liberal parties decided to nominate joint candidates under the platform's aegis, while the RMDSZ and the Citizens' League support an independent candidate, the local physician Nicolae Georgescu.

Insurance Enterprise Being Privatized 'Secretly'

92CH0383A Budapest MAGYAR HIRLAP
in Hungarian 25 Feb 92 p 1

[Article by I.V.: "They Are Secretly Privatizing the State Insurance Enterprise"]

[Text] Privatization of our largest and oldest insurer, Allami Biztosito Rt. [State Insurance Corporation], is proceeding in great secrecy. The State Property Agency (AVU) is unwilling to release any information on this matter.

The insurer, which recently has been transformed into a corporation, has several million customers, for whom it is important to know how the firm's future will develop. Solely on their behalf, we would have liked to ask the competent staff members of the State Property Agency several questions, the disclosure of which certainly would not have harmed privatization, but would merely have served to provide information and put people's minds at rest.

The tender offers for the privatization of Allami Biztosito have already been received by Morgan Grenfell Co. Ltd., the British privatization consultants, and are now being evaluated at the AVU.

According to the information MAGYAR HIRLAP has obtained, 75 percent of the shares in the corporation—it is 100-percent state-owned at present—will be sold to a foreign majority shareholder, and also employees will be able to acquire shares. In all likelihood, the most important criterion in choosing the new majority shareholder will be that the firm's structure of financial services must match that of Allami Biztosito. In other words, the firm should be active in the fields of life, accident and retirement insurance. To our knowledge, a Dutch insurer has the best chance of meeting this criterion.

But we will be able to learn only from the AVU's announcement whose tender offer has been accepted in the end.

Privatization of IBUSZ Travel Agency Proceeds

92CH0383B Budapest NEPSZABADSAG in Hungarian
27 Feb 92 p 5

[Article by K.K.Cs.: "Touring, Procurement, Travel, and Forwarding Corporation: One Share, One Vote"]

[Text] Yesterday a special meeting of IBUSZ [Touring, Procurement, Travel and Forwarding Corporation] shareholders voted for a proposal introduced by the State Property Agency (AVU)—it holds 56 percent of the shares—to amend the articles of incorporation. Henceforth every shareholder of record will have as many votes as he has shares. What lies behind this apparently uninteresting resolution is, of course, the corporation's planned privatization, when it will not be indifferent how the individual shareholders vote. The fate of the AVU's proposal was decided already at the beginning of the general meeting, when it was established that barely 63 percent of the shareholders were present. In other words, a 51-percent majority would have been enough for the proposal's passage.

In spite of this, several small shareholders attempted to torpedo the AVU's intentions by introducing a proposal of their own. On behalf of the First Hungarian Fund, Csaba Zoltan informed the general meeting about his having advised the IBUSZ management earlier that adoption of the amendment could be prejudicial to the interests of minority shareholders. The planned privatization of IBUSZ is behind the whole wrangling. It is a known fact that the AVU has invited tender offers for its equity in the travel agency and will be choosing the successful bidder around the middle of March. Therefore several of the small shareholders wanted to know what guarantees would the AVU be seeking from the successful bidder, and how the small shareholders would be able to assert their rights. According to Attila Tarkany Szucs, deputy director of the AVU, the conditions in the State Property Agency's invitation to tender conform to international practice. Thereupon Erika Szemenkar, the general manager of IBUSZ, inquired in vain who were the bidders for the travel agency's shares. The deputy director of the AVU replied that the identities of the bidders could not be revealed. In the end, the special meeting of shareholders approved the proposal to amend the articles of incorporation.

Impact of Agricultural Sector's Transformation

Agriculture Minister Interviewed

92CH0379A Budapest NEPSZABADSAG in Hungarian
24 Feb 92 p 5

[Interview with Dr. Elemer Gergatz, minister of agriculture, by local correspondent Jozsef Hazafi in Szekszard; date not given: "How Long Will This Transitional Stage Last?"]

[Text] Land must be returned to those who are able to farm it the most efficiently, declared Agriculture Minister Dr. Elemer Gergatz in Szekszard. He also said that by the end of the year farmland would be predominantly in private ownership, but members of agricultural cooperatives of the new type would nevertheless be farming it. The transformation must be prevented from reducing the farm output, the minister emphasized.

Our local correspondent asked the minister whether gainful employment in agriculture would decline.

[Gergatz] The agricultural cooperatives of the new type will not be taking over the so-called deadwood and will be cutting their office staffs. The workers employed in the ancillary shops that are being closed down will also be let go. But once real privatization starts, they may have a chance of finding gainful employment. In my opinion, however, gainful employment in agriculture will nevertheless decline in the long term.

[Hazafi] How long will this transitional stage last?

[Gergatz] The period during which a structure typical of market economics develops also in Hungary's agriculture can be estimated at between three to five years. But if the member nations of the former Soviet Union continued to buy from us, the transition would be easier. Competition with the Common Market countries will place Hungarian agriculture in a much more difficult situation than before.

[Hazafi] How high is unemployment expected to rise in agriculture?

[Gergatz] It will be necessary to determine whether or not the unemployment is real. If it is, then members of agricultural cooperatives must be given the same benefits as factory workers are getting, because agriculture has contributed 7.1 billion forints to the solidarity fund. Farm workers, too, must receive their share of that money.

Cooperative Managers Leaving

92CH0379B Budapest NEPSZABADSAG in Hungarian 24 Feb 92 p 5

[Article by Peter Czauner: "Nobody To Accept the Extended Olive Branch"]

[Text] February is the time when agricultural cooperatives usually hold their general meetings to approve the settlement of accounts for the preceding year. According to our information, a characteristic of the general meetings this year is that many of the agricultural experts who stayed with the cooperatives during the past 18 months are now pulling up stakes and leaving.

All this should not be coming as a surprise, say experts at the National Federation of Agricultural Cooperatives and Producers. Until quite recently, managers of agricultural cooperatives were being called green barons. More than one official forum blamed them for the crisis in agriculture. Although the Ministry of Agriculture is trying to extend an olive branch these days, the ranks of those who could have accepted it have become considerably depleted in the meantime.

Last year the managers of agricultural cooperatives formed hundreds of combined agricultural and commercial limited liability companies, in the hope that these companies would provide a more secure future for

them. One could say that the managers attempted to salvage in this manner the professional knowledge and experience they had acquired. In the opinion of others, however, these were merely attempts to salvage or preserve power and the joint assets of the agricultural cooperatives. And that is why a moratorium was imposed on the transformation of agricultural cooperatives.

Nor did the Law on Agricultural Cooperatives and Their Transformation, when finally enacted, bode much good for managers of agricultural cooperatives. Because, like the officers of business associations, they too became liable with their total personal assets for their mistaken business decisions. That would be in order in a predictable economy, but much less so under our conditions.

In many agricultural cooperatives, however, the recently received latest bulletin on compensation was the last straw. In November it was still being estimated that compensation payments totaling 4.0 million [Austro-Hungarian] gold crowns could be expected [converted at a rate of one gold crown = 1,000 forints]. By the time of the next bulletin the estimate rose to 10 million gold crowns. But now that all the compensation claims have been added up, it turns out that we are talking about 48 million gold crowns. Furthermore, in April it will be possible to start liquidation proceedings against an estimated 1200 agricultural cooperatives, because of their debts. Earlier it had been announced that the obligation to provide employment would cease for the agricultural cooperatives undergoing transformation, which would have permitted temporary layoffs. But now that the old system has been reinstated, the agricultural cooperatives must either provide work—of which there is not enough work for everyone—or terminate employment. In the latter case, however, they are unable to meet their severance-pay and other obligations in conjunction with the termination of employment. In other words, there is neither farmland nor money, and the chairmen of the cooperatives can easily become the black sheep of their villages.

Therefore it is not surprising that many of the cooperative managers who are left are deciding to resign and continue farming as private farmers.

Ethnic Views on Land Law Modification

Hungarian Civic Party's View

92CH0384A Budapest NEPSZABADSAG in Hungarian 21 Feb 92 p 3

[Interview with Oszkar Vilagi, a deputy chairman of the Czechoslovak Federal Assembly, by correspondent Tibor Kis in Prague; date not given: "Compensation for Slovakia's Ethnic Hungarians and Germans"—first paragraph is NEPSZABADSAG introduction]

[Text] The Czechoslovak parliament has amended the Land Law, thereby opening the way for reclaiming land that was confiscated between 1945 and 1948 from Slovakia's ethnic Hungarians and Germans. Our Prague

correspondent interviewed Oszkar Vilagi, a recently elected deputy chairman of one of the chambers in the Federal Assembly.

[Kis] The amending legislation appears to rectify one of the old grievances of Slovakia's ethnic Hungarians. What has made the changes possible?

[Vilagi] Indeed, this law does remedy a large part of the grievances stemming from the principle of collective guilt. After the war, the grounds on which property was confiscated from ethnic Hungarians in Slovakia were twofold. Under one type of procedure, land was confiscated because its owners were ethnic Hungarians. The other type of confiscation order declared that the persons in question were enemies and traitors of the Slovak people. So far as the first category of dispossessed persons is concerned, they have been able to reclaim their property already on the basis of the Land Law enacted last year. Now it is the other category's turn.

[Kis] How many persons does the new statutory regulation affect?

[Vilagi] We have concrete data only for Dunaszerdahely [Streda nad Dunajem] District. Approximately 900 individuals and 5,000 to 6,000 hectares of land are affected there. Presumably the same proportions hold true for all of southern Slovakia. But you must realize that not even this [amending] law applies to persons whom the courts convicted at the time as collaborators and fascists.

[Kis] How is it possible that the Slovak political parties have agreed to this new legislation?

[Vilagi] Our party, the Hungarian Civic Party, introduced an amendment in parliament last December. The road along which the amendment has had to travel up to this point has been an extremely rough one. The amendment has been exposed to enormous political pressure. In a vote called two weeks ago, for instance, the Slovak Christian Democrats torpedoed its adoption. Since then we have been holding continual consultations with deputies of the Carnogursky party; at the cost of some give and take, we have been able to reach a compromise with them and persuade them to change their minds.

[Kis] This [amending] law can also be perceived as a preelection gesture by Slovakia's ruling parties to the national minorities.

[Vilagi] I do not think we ought to perceive it that way. We prefer to emphasize that enactment of this law defeats the principle of collective guilt.

[Kis] But the national minorities in Slovakia fear that local legislation or the government in Pozsony [Bratislava] may bar implementation of the law enacted in Prague. Could they do that?

[Vilagi] No. This is federal legislation and does not require a local decree for its implementation.

[Kis] Then what should the people now do who wish to reclaim their confiscated property?

[Vilagi] They should turn with the proper papers to the local land offices. That is all they have to do. The land offices will take care of the rest.

Credit to Various Parties

92CH0384B Bratislava SZABAD UJSAG in Hungarian
20 Feb 92 pp 1, 2

[Article by Roza N. Gyurkovits: "Who Deserves Credit?"]

[Text] In a vote on 18 February 1992, the Federal Assembly at first rejected an amendment to the bill to amend the Land Law. Then, after the introduction of yet another amendment consisting of a single paragraph, the [modified] amendment was approved. Thanks to changing Paragraph 4 of Amendment No. 1106, now also persons whose property was confiscated before 25 February 1948 can obtain compensation.

Understandably, this modification of the Land Law has left ethnic Hungarian deputies of the Federal Assembly with a sense of satisfaction. But it is less understandable that voters have been able to obtain merely partial information about who, which political force, can be credited with having achieved this result through its consistent efforts.

The 18 February attempt to amend the Land Law was not the first such attempt in that law's history. Generally speaking, we have been aware since the law's enactment in 1991 that some of its provisions discriminated against the ethnic Hungarian and German citizens of Czechoslovakia whose collective guilt was established in the so-called Kassa [Kosice] government program after World War II, and whose property was subsequently confiscated, thanks to a decree that President Eduard Benes had issued. (Incidentally, not just the Land Law but also the so-called Restitution Law discriminated against them.) Also for that reason, already last summer several deputies of the Coexistence-MKDM [Hungarian Christian Democratic Movement] parliamentary caucus put questions in the Federal Assembly to Jiri Dienstbier, the foreign minister and federal deputy prime minister, and to Vladimir Dlouhy, the federal government's economic minister, wanting to know when and how those wrongs would be remedied. Unfortunately, the answers to these questions—our paper has xerox copies of them—merely exhorted our politicians and ourselves to accept the law as it stood, there being no appeal from it.

After the publication of the questions' text, in a sort of response to them, Deputy Laszlo Pirovits of the Slovak National Council spoke out on the pages of SZABAD UJSAG as the voice of the ruling party's Hungarian political movement, then still the FMK [Independent Hungarian Initiative]. He told the federal deputies who had put the questions to the federal government that they were banging on open doors, because the Slovak National Council had already remedied in a clause the

Hungarian minority's grievances. (How much truth there was in this can best be told by anyone who has attempted to reclaim his confiscated land since then.)

During the autumn, and now after the opening of the Federal Assembly's spring session, the Land Law was again placed on the agenda, because the procedure for reclaiming property and substantiating the claims proved too bureaucratic and complicated. And also because the 250-hectare maximum limit on the area of land or forest that could be reclaimed appeared unsuitable. During the December session, Istvan Batta (EPM [Coexistence Political Movement]) introduced a two-paragraph amendment to the bill to amend the Land Law, and so did Deputy Erich Kriz, an ethnic German, in cooperation with Batta. Further amendments were introduced also by the ethnic Polish Wladislav Niedoba (EPM). The amendments did not succeed then. But we did know then and do know now that the opposition political forces had indeed introduced amendments on behalf of the Hungarian minority.

For the sittings that resumed on 17 February as the continuation of the 20th session, which had been adjourned at the end of January, a conference committee was supposed to work out a compromise in place of the failed amendments that were preventing passage of the bill to amend the Land Law. The chairman of the 12-member conference committee was Vaclav Humpal. Its other members were Anton Anderko, Jan Hacaj, Petr Kucera, Jiri Lacina, Ludvik Motycka, Karel Novosad, Anton Ondrejko, Jaroslav Selner, Mikulas Sidik, Miroslav Tyl, and Oszkar Vilagi. As a result of the conference committee's efforts, an amendment that offered relief in many ways was included in the bill. From the viewpoint of ethnic Hungarian and German citizens and of their parliamentary deputies, however, the issue of key importance was the amending of Paragraph 6 of the Land Law (Law No. 229/1991), because on it depended whether also property confiscations suffered before the specified statutory period extending from 25 February 1948 to 1990 would be remedied. Since the first version of the conference committee's draft amendment (the so-called document No. 1106) did not provide for amending Paragraph 6, some deputies of the Federal Assembly either voted against the amendment or abstained from voting (which essentially means a No vote in our parliaments).

At this point, however, let us digress a bit. Yesterday Laszlo A. Nagy, the president of the Hungarian Civic Party (MPP), and Karoly Toth, its vice president, sent our paper a statement in which they point out the following: "The elaboration and political assertion of the sections relating to ethnic Hungarians in the Land Law enacted last year are associated with the name of Dr. Oszkar Vilagi. On Tuesday, on the basis of an amendment introduced by the Hungarian Civic Party, the Federal Assembly favorably modified the aforementioned sections of the Land Law. That, too, had been elaborated by Oszkar Vilagi, in agreement with the other Hungarian Civic Party deputies.

"The Hungarian Civic Party attaches exceptional importance to the fact that the Federal Assembly, after lengthy deliberation, has approved the party's amendment (No. 1106) to the bill to amend the Land Law. That opens the way for ethnic Hungarians and Germans in Czechoslovakia to assert almost fully their rights to property confiscated after 1945.

"Passage of the bill to amend the Land Law hinged on the votes of KDH [Christian Democratic Movement] deputies, who in the course of lengthy negotiations were persuaded to support the amendment. Unfortunately, this agreement was placed in jeopardy by the conduct of the Coexistence Club; just before a vote was called, the club's deputies announced that the club would not support the amendment, yet it failed to introduce a substitute amendment of its own. It is extremely regrettable that during the past year Coexistence did not introduce a single amendment in conjunction with the Land Law. In spite of this, we greatly appreciate that in the second vote call the Coexistence Club no longer opposed the returning of land confiscated from ethnic Hungarians and Germans, and also the club's deputies voted with the Christian Democratic Movement for passage of the bill to amend the Land Law."

So far the digression, from which it is evident that our political movements and parties are retaining their preference for the method of selective recall (selective memory). But in view of the fact that our paper reported each and every effort by opposition politicians, we cannot afford to forget the amendments introduced by Istvan Batta, Erich Kriz, and Wladislav Niedoba. (Admittedly, there was no election campaign in progress then, unlike now.) Nor can we afford not to rectify now the mistakes we made in our express news report "Coexistence Has Brought About a Successful Conclusion" that appeared in yesterday's issue of our paper.

For it is wrong to say that Coexistence alone deserves credit for the fact that ethnic Hungarians who are Czechoslovak citizens are now able to reclaim land confiscated from them after the war. The entire Coexistence Club did its share of the work. In the series of amendments, specifically the one that the leaders of the Hungarian Civic Party are referring to contained a provision, on the basis of which the authorities could have required claimants to prove that during the war they had not done anything detrimental to the interests of the Czechoslovak state. (That provision was included in the amendment introduced by Oszkar Vilagi, or more accurately by Ilona Szolos.) In fact, it was due to the Christian Democratic Movement that at the time of the first vote call on the amendment intended to modify Paragraph 6—when namely the following ethnic Hungarian deputies voted against the amendment: Bela Bugar (MKDM), Daniel Vincze (MKDM), Istvan Bajnok (EPM), Istvan Batta (EPM), Miklos Duray (EPM), Ferenc Magyar (MNP [Hungarian People's Party]), Bela Novitzky (independent), and Oliver Varga (MNP); while Ferenc Szocs (MNP), Wladislav Niedoba (EPM) and Zoltan Boros (EPM) abstained; but Karoly

Gemesi, Lajos Meszaros, Eleonora Sandor, Ilona Szolos, Oszkar Vilagi (all MPP, formerly FMK) and Laszlo Molnar (EPM) voted for the amendment—the text still read: “Provided that the property had not been allotted, pursuant to the regulations on land reform, already before the specified period....” And that is why Istvan Bajnok, Ferenc Magyar, and Oliver Varga voted against the entire bill, and why Istvan Batta, Zoltan Boros, Miklos Duray, and Ferenc Szocs abstained from voting. (All the others voted for passage.)

There followed yet another meeting of the conference committee, to which four ethnic Hungarian deputies from the opposition—Istvan Batta, Zoltan Boros, Miklos Duray, and Ferenc Magyar—were invited for consultations. The last-mentioned of the four, namely Ferenc Magyar, deserves no small credit for paying very close attention to every word in the new draft amendment. That is how the new amendment finally emerged, once

the Slovak Christian Democratic Movement’s deputies were persuaded to support it. That amendment now enables those ethnic Hungarians and Germans who have remained Czechoslovak citizens to reclaim as their rightful property land that had been confiscated after the war on the basis of their proclaimed collective guilt.

Thus the “little Hungarian vs. Hungarian” wrangle in parliament on Tuesday was over a single negative; thanks to the opposition, it ended well. The deputies who voted against the amendment in the first round are asserting that everything had to happen the way it did. Even Oszkar Vilagi, they are saying, knew what was at stake. But it remains difficult for a sound mind to understand why the Hungarian Civic Party, using the electioneering-propaganda tricks of the one-time Independent Hungarian Initiative, is attempting to expropriate a success for which we all may finally claim credit.

Foreign Affairs Chief, Policy Reviewed**Foreign Policy Assessed***92BA0239A Warsaw TRYBUNA in Polish
22-23 Feb 92 p 6*

[Article by K.S.: "Policymaker: Krzysztof Skubiszewski"]

[Text] Krzysztof Skubiszewski became the foreign affairs minister in September of 1989. He was appointed to the post by the prime ministers of three successive governments, those of Tadeusz Mazowiecki, Jan Krzysztof Bielski, and Jan Olszewski. He recently agreed to head the Ministry of Foreign Affairs. Unlike other members of these several governments, he is enjoying unflinching popularity with the public. In recent PENTOR polls made at the request of the weekly publication WPROST, Krzysztof Skubiszewski came in second, with an approval rating of 77 percent, 1 percent more than in the previous polls.

In foreign countries from Brussels to Washington and Moscow too, he is well received in the higher echelons, with friendliness and respect. Recently, during the elections of U.N. secretary general, one of the members of the U.N. Security Council placed his name in candidacy, but no Pole had any hope of winning against such competition.

How did this politician, known for his dignified, old-fashioned elegance, win acclaim both from society in his own country and from world circles of people who are profession diplomats?

In Poland, among other things, by virtue of his moderate, sound reason, by not becoming involved in the war at the top or in public political squabbles, and, abroad, by virtue of his professionalism and erudition—he is fluent in three Western languages—through his consistent, resolute defense of his reasoning.

Before heading the Foreign Affairs Ministry, this 65-year-old man from Poznan was known as a lawyer, a specialist in international law, and an expert on German affairs, who had devoted his life to science. He prepared for his secondary diploma in secret groups. Later, he graduated from Poznan University in law and economics. By his second year, he was writing his Master's thesis, on the privileges and immunity of member states in the League of Nations and the U.N. He completed his doctoral work (on becoming a member of the U.N.) one year later.

He devoted the time between 1948 and 1973 to scholarly inquiry at Poznan University, where he served in many capacities, including that of assistant dean of the law department. During this time he deepened his knowledge about the European Center at the University in Nancy, and in the law department at Harvard, where he completed an American Master's degree. He did research at Columbia University. He was a member of All Souls College at Oxford in 1971-72. He lectured in the law

department at the University of Geneva. During his stay in the United States and Great Britain, he became acquainted with many well-known politicians who are influential today, including the Egyptian Boutros Boutros-Ghali, who is currently secretary general of the United Nations, and with Geoffrey Howe, who has been head of British diplomacy for many years.

Since 1973, Skubiszewski has been a professor at the Polish Academy of Science's Institute of State and Law. He was a member of the Primate's Social Council from 1981 to 1984 and the Consultative Council of the chairman of the Council of State from 1986 to 1989, which placed him among those who were involved in the national agreement. He joined Solidarity in October, 1980.

He never married, because, as he once put it: "I never had the time, and I'm sorry to be an old bachelor."

When he accepted the position to head diplomatic affairs, he had to relocate from Poznan to Warsaw, a move he undertook without enthusiasm. He was a new member at the Foreign Affairs Ministry. In one of his first interviews after assuming the office of minister, he said that his number-one priority was to deideologize Polish foreign policy, which should have the role of helping bring about the changes and reforms in the country. His closest associates say that he is pragmatic, that he is guided by Poland's highest interest, and that he devotes all his time to his work.

Acquiescent Policy Criticized*92EP0239B Warsaw LAD in Polish No 8, 23 Feb 92 p 7*

[Article by Jerzy Narbutt: "Is Brussels Running Warsaw?"]

[Text] There is much to show that Brussels is actually running Warsaw. This news is probably the saddest of all the surprises (the avalanche of swindles tolerated by the past two governments and the metamorphosis of the president). We barely dug our way out from under the Soviet boot, and now we have crept under the elegant patent-leather pump of Brussels. It does not pinch, as the former one did. It does not chafe, but it is just as hard to move around under it, even though in a different way. The worst thing about all this is the fact that while the former dependent relationship was imposed—it used to be that at the dairy bar the "girl at the window" would say: "Russians! Who invited the Russians?!" and somebody in the room would answer: "Nobody invited them. They came on their own!"—we ourselves voluntarily chose this new dependency on leftist-leaning bureaucrats from the European Community.

Now, now, chosen? By whom? Not the people, after all. Nobody would condescend to ask us for our opinion about whether we should like to relinquish to Brussels our freedom, which was purchased from Moscow at such great price. This thing, the limitation of our sovereignty

in those matters that are most important to the country, selling ourselves into the slavery of the Brussels social democrats (they account for as much as two-thirds of the European Parliament) was silently facilitated in the offices of several gentlemen, headed by Mazowiecki and Skubiszewski. It was they who, knowing better about everything, decided for us without our participation. Interesting? Interesting, but even more, disturbing.

Everything that is happening is surprising. Every right-thinking person knew that the roundtable compromise was bad but necessary, given the context of the situation, but when the society ridded itself of Messrs. Mazowiecki and Bielecki with relief, why could that society not manage to get rid of Mr. Skubiszewski as well? Mr. President, we would like very much to know why you forced Prime Minister Olszewski to keep Skubiszewski and why Skubiszewski is still menacing our foreign policy, making nothing but unbalanced agreement with neighbors and his own agreement with the European Community. As neighbors of the Eastern "bucket of ashes," we need clear support, particularly from NATO, but Mercy! let us show just a little ambition to avoid being anyone's customer. Let us have a little of the practical reasoning of the English, who for the first time in history have come to understand that the best way to safeguard their interests is to safeguard their principles, in one case, the principle of the sovereignty of their own national laws, which must not be ceded to anyone outside.

If the president thinks that the policy being waged by Minister Skubiszewski is favorable to Poles, then why is he making agreements with provisions that are more favorable to our partners than they are to us? In a speech before the Sejm, Deputy Marek Jurek illustrated this amazing lopsidedness in the agreement recently signed between Poland and Germany, but nobody printed this wonderful address by Deputy Jurek, and, worse yet, nobody even deigned to respond to it. The "Polish-Lithuanian Declaration" (kept secret from the society the whole time it was being written, without consulting the League of Poles in Lithuania), everything was actually given to the Lithuanian side (especially what is not its due, according to international law, which does not recognize the provisions of the Ribbentrop-Molotov Pact). No firm date was set for local elections in the Vilnius area, and no rights to autonomy for local Poles there, which Poles have long desired. Poor little Romania is able with a strong voice now to ask the powerful Ukraine to return Bukovina, taken away as the result of the Ribbentrop-Molotov Pact. And Mr. Skubiszewski? Nothing. Prior to his trip to Lithuania, when he came to the Senate and attended the deliberations of the Senate's foreign relations committee, Senator R. Bender told him unequivocally: "It's high time Poland said clearly that the provisions of the Ribbentrop-Molotov Pact have no binding force on Poland." And the result? Nothing. Minister Skubiszewski listened to Senator Bender in silence and gave absolutely no response to his statement, not a single word. And later?

Later he went to Vilnius to formally sign a declaration that said just the opposite of what he had been told by Senator Bender, the only just man on the foreign relations committee. In other words, Bender had been wasting his breath. Legal order is of no interest to anyone at the Foreign Affairs Ministry.

In answer to the rhetorical question of Why? many people say that the views of the head of our Foreign Affairs Ministry coincide with those of the gentlemen in Brussels. We would seldom hear from Minister Skubiszewski himself whether this is true, first, because we can only presume, and, second, because the views of the people in Brussels do not coincide with the views of Poles. These gentlemen keep repeating that they want a unified European State and that any legal grievances are no longer important, that for the moment they want no changes, no changes! It seems that every now and again a "courier from Washington" comes to Poland with similar views, and even if we were not thinking about any changes for the moment, he does not allow us to even let out a peep about rights. Oh, Romania, Romania, how lucky you are not to have nursemaids taking you by the hand....

Finally, a few questions for the president. First, the most basic one: Have you too, Mr. President, trusted the Brussels concepts to such an extent that, despite Prime Minister Olszewski, you have imposed the notion of leaving Minister Skubiszewski in his previous post? Mr. President, did you believe that we could not be independent between an explosive East and an expansive West? After all, there is another way out—I am repeating this again here in this column—to create an "intersea block," made up of Poland, Czechoslovakia, Hungary, Romania, and Bulgaria, a block that would make it possible for us to gain some sort of genuine, entirely realistic independence between the two powers and that by its very existence would mean that we would not have to run to Brussels for approval of each sovereign decision we make. Further, Mr. President, are you unaware of what much of Warsaw already knows, that we owe the withdrawal of the Red Army forces from Poland to a telephone call Brussels made to Moscow on the matter? Neither I nor my information sources understand what is behind the play being made by Brussels. If you know about this and also know the motives behind Brussels' action, Mr. President, could we ask for you to show these gentlemen's cards publicly? The best would be by television. We deserve to know the whole truth, not only in matters concerning the theft of Polish property but also in matters concerning the dismantling of the treasure of Poland's independence. Those who fought for this independence, to say nothing of those who died for it, have the greatest right to know the truth.

Postscript: In NOWY SWIAT, 21 January 1992, Jacek Kwiecinski writes very accurately about the surprising tendency of Polish diplomats who allow themselves, as though blind, to be drawn into the trap of the pan-European defense system recently put up by the naive, as usual, French with the cunning, as usual, Germans,

instead of going along with careful England, which is clearly opposing that illusory "system" and prefers the concrete presence of the Americans in Europe and the NATO alliance. Kwiecinski writes:

"The choice of the French-German orientation may seem to be a realistic and natural choice. After all, one can say that the Americans will ultimately withdraw from Europe anyway, but the question remains as to whether it is in our interest to even indirectly accelerate that process and promote further American isolationist tendencies.... It is worthwhile to realize that the Americans' departure from Europe need not in any way mean the creation of continental forces, to say nothing of the effectiveness or destination of their possible operations. Thus, replacing the anti-Atlantic attitude once dictated by the Soviets with a more discreet but basically identical one accepted because of Paris and Bonn raises grave doubts. Poland's voice joined to the chorus established by France would have no significance here, but a separate opinion would count. It is not a question of whether Poland's voice is bearable, however, but of being guided by our interests rather than following fashionable phantoms."

I would neither add nor subtract anything.

Policy Decisions Reviewed

92EP0239C Warsaw TRYBUNA in Polish
22-23 Feb 92 p 6

[Article by Wieslaw S. Debski: "The Minister's Baggage"]

[Text] It is not possible to give an absolute unambiguous assessment of the past two years of Poland's foreign policy. Alongside the undoubted successes during this time, some matters still remain unfinished, and that some operations have been based on erroneous assumptions. This judgment is confirmed by our poll, which clearly shows that major political forces see many deficiencies in Polish diplomatic operations.

It is proving difficult to transform the foreign policy of a medium-sized country. Such a transformation requires the parliament and society to come to a consensus over its basic targets, its foreign partners to understand the country's intentions, and personnel to be able to carry out the set goals. To a greater or lesser extent, all these elements have been missing.

The heated discussion concerning Polish foreign policy at the end of last year showed how far we were from agreement on the basic assumptions of Minister Skubiszewski's ideas. There is even lack of such agreement, or at least unity of action, in the top echelons of the government. This concept was actually not discussed in the parliament, which usually merely listened to the minister, rarely to questions asked of him. Just once we witnessed a debate among the deputies. I do not think that foreign policy is being shaped by the appropriate Sejm committee either. I do not recall that the government ever held any sophisticated discussion on the subject. This is the reason for the discrepancy between

the assessment of foreign policy and the functioning of the various decisionmaking elements visible to the naked eye.

This state of affairs is leading to clear differences between the Foreign Affairs Ministry, Belweder, and some other ministries. This is the reason things are not far from such inelegant moves as the president's telephone call to Gorbachev during the final moments of the USSR's existence, the attempt to cast blame over the country's economic failures in the West (Strasbourg), and Minister Parys' foreign policy concept, which was put forth without Skubiszewski's involvement.

It is true that Mazowiecki wanted to lead Poland to Europe through France, while Bielecki chose Germany and Olszewski picked Italy, but there is rather common agreement that our country needs to be integrated with the West, especially in the economic and social realm, although the costs of the process of gaining an equal footing in relations with the West create doubts. Still greater doubts concern military integration with the West, especially the concept of Poland's security. The official statements imply that the only possibility is to join NATO, but the concepts of Poland's military neutrality and the construction of a regional security system to include the country's of the so-called triangle, as well as broader Central European or Baltic compacts have never been seriously discussed in government circles. They have only been mentioned.

The activity in the hexagon and the above-mentioned triangle is insufficient, but the inadequacy is the result more of the marginal efficacy of these agreements than of their assumptions per se. The situation with the German relations is similar. On the one hand, recognition of the western border was granted, and an important agreement was signed. On the other hand, however, little has been happening in the realm of practical cooperation.

There is absolutely no agreement, however, on the issue of Polish eastern policy. First of all, there is probably no flexible concept adapted to the changing situation. The so-called "two-level approach" was good two years ago but was actually never carried out, and it has ultimately become the reason we were unable to react to the events on the other side of the Bug River. This is the reason we supported the declining, actually collapsing, USSR. We negotiated a treaty and troop withdrawals with it. Because, in the process, we neglected the lower level, the republics, after the collapse of the Soviet Union, we had to build up relations with the nations of the East all over again. And this is where we immediately committed a serious blunder, treating Russia the same as we had previously treated the Soviet Union, with distrust along with a certain degree of megalomania at the same time, somehow forgetting that we are one of the Kremlin's many partners, and by no means the most important one. We are therefore clumsily striving to pursue our

economic interests, including acting as intermediary in the West's assistance to Russia, while we are losing out on the issue of troop withdrawals, because we are treating General Dubinin as the most important figure in the Russian state. This completely unnecessary and nonsensical "bear-baiting" may still wreak its vengeance on us. The problems with Lithuania are further testimony to the failure of our Eastern policy. We are running down a blind alley there, probably brought closer to that spot via Krzysztof Skubiszewski's ill-planned trip to Vilnius. The beginning of our relations with Ukraine was fortunately better and more effective.

We mentioned above that the second element in the effectiveness of foreign policy was to have possible foreign partners understand our country's intentions. Now, in Europe our intentions are surely understood. Europe is noting at least some of our goals, but in terms of practical steps these motives meet with great resistance or complete opposition. It is worth mentioning that the picture of Poland in the world has changed greatly over the past two years, but the expectations placed in us in fighting socialism have been met too. We are therefore no longer an important element in the world game, the first noncommunist state of a former block, the hope of oppressed nations. In the world's eyes, however, we are an unstable country threatened by nationalism and religious fundamentalism, a country with a shaky economy and a frustrated society.

There are certain promises to be lived up to, however, so our debts have been reduced, and we have been accepted into the political structures of Europe. And this is marvelous. It is an undoubted success. It is also probably all we can achieve.

As everyone knows, in Poland there are groups—and they are very influential ones—that do not set great store in participating in the Council of Europe but consider entrance into NATO to be of key importance. The North Atlantic Pact, however, is defending itself against us with all its might. We ignore this fact and push forward. Of course, it could happen that the NATO politicians will finally give in under the pressure, but what will such a forced alliance be worth? When a serious test comes, will it not disappear like a soap bubble?

It is also worthwhile to place more attention again on how our policy is viewed in the East. The significance of any clumsiness is doubled there, because there are so many mutual grievances and charges. The future of Polish-Russian relations, like the future of Polish-Ukrainian, Polish-Lithuanian, and other such relations, depends to a great extent on how other countries see us, not in official documents but in our general approach to them. Here we should take certain matters into account, like the fact that Russia is beginning to assume the USSR's role as a world power. The road between Ukraine and Europe need not necessarily go through Poland, however. It is even possible that, on the contrary, Ukraine will begin to compete with us to be called the most important country in the region.

The personnel in the Foreign Affairs Ministry has an undoubted influence on the status of Polish foreign policy. We must begin with Minister Skubiszewski, who replaced nearly all the heads of the ministry's agencies and departments. He did, however, leave in place many people with considerable seniority, people who have recently been on the membership rolls of the PZPR [Polish United Workers Party] but are high-quality experts. No diplomatic corps in the world can operate without such experts.

Some of the recent personnel changes did not improve the ministry, as we can see from the example of relations with the USSR, where negotiations in process were seriously complicated by a group of young people who may be talented but are no serious contenders as diplomats. The situation did not change, until these people were removed and experienced negotiators replaced them. Up until recently, the young people had been called "the architects of Polish Eastern policy." This is just one example, but there are many more such instances. The result was foreign travel ill-prepared or carried out at an unfavorable time, such as Skubiszewski's trips to Minsk and Vilnius and Olszewski's to Rome.

Staff for the diplomatic corps throughout the world undergoes long preparation and has access to all sorts of institutions of higher education that exist for the purpose. Moscow has some too. Experience of the past few months also goes to show that the hypothesis formulated a good time ago that the excessive party ties undercut diplomatic effectiveness. When the interests of particular parties and groups begin to dominate a state's foreign policy, these interests have a negative impact on strategic foreign policy goals.

Finally, it is worthwhile to ask these questions: Do Poles feel secure today? How much has our position grown in the international arena? Are we finding partners for our strategic actions and for our closest individual ones? No unequivocally positive answer seems forthcoming in response to any of these questions. We must therefore seek consensus among the country's major political forces on the issues explored in today's column. Such a consensus will promote the development of a clear socially accepted concept of national security with a foreign policy adapted to it and the development of effective instruments to implement it.

Leadership, Organizational Crisis in Solidarity

*92EP0274A Warsaw GAZETA WYBORCZA in Polish
4 Mar 92 pp 12-13*

[Article by Jaroslaw Kurski: "In the Absence of Solidarity"]

[Text] Solidarity is going through a crisis of prestige, organization, identity, leadership elites, and finance. The idea of workers' solidarity, inscribed in that union's name, is dying. "The president is powerless, as is the government, the Sejm, and Solidarity. Well, who is not?"

Solidarity trade unionists are asking. "Once the Central Committee or the Executive Committee used to wield power, but nowadays...?"

Prime Minister Olszewski is courting Solidarity's support and, not without reason, he believes that the state cannot be restructured unless it gains social acceptance. He dispatches letters [to Solidarity], invites it for talks, and makes gestures—without, however, making any concessions because, other than gestures, he is unable to offer anything in view of the dicey condition of the budget.

Without Power

"We rejoiced over the first Solidarity government for half a year, over the second for a few weeks, and over the third not at all," a member of Solidarity's National Committee recently told Minister of Labor Jerzy Kropiwnicki. Solidarity may radicalize ways of protesting, including even a general strike, but what next? Let us say that the government will fall and a new government will be formed after many difficulties are overcome. So what? The new government also will either make no concessions to Solidarity or turn us all into beggars. If the strike fails, Solidarity's prestige will plummet to zero.

There is a third way out—uncontrolled outbursts of social protest, such as is often mentioned by Maciej Jankowski of the Mazowsze Region of Solidarity.

Jan Rulewski believes that "the incompetent leadership of Solidarity bears the responsibility for losing the energy conflict, and the concessions it has been making proclaim, as it were, the bankruptcy of Solidarity."

The Bydgoszcz Solidarity took a referendum among the city's plant workforces. The question asked was, "Would you support a general strike to protest against the increases in energy prices?" Some 60-70 percent of the workforces replied affirmatively. But a smaller proportion replied affirmatively to the question, "Would you participate in the strike, during which you will receive no pay?"

Another question is, to what extent will the National Committee be able to maintain discipline within Solidarity? Will there be anarchy and organizational decay within it? Should that happen, the government would have to negotiate not with a national center of Solidarity but separately with regional Solidarity commissions, or at a still lower level. What then is at present the actual strength of Solidarity?

Without an Elite

"Solidarity was a great trampoline for a political career," said activists of the Gdansk Solidarity Region. Anyone with ability jumped on and up. Now that is over and we are still here."

The political crises deprived Solidarity of its leadership: the first parliamentary elections, the two successive

Solidarity governments, and lastly the Presidential elections. The recent elections to the Sejm and Senate cleaned out the hallways of "the 'Akwen'" completely. As recently as one and a half years ago that—now vacant and gloomy—building housing the Solidarity National Committee used to pulsate with life. Reporters crowded it and political disputes broke out there. Gdansk had been a political alternative to Warsaw. Big names, such as Walesa, Merkel, Lis, Kaczynski, and Boni, abounded. Bielecki used to be a frequent visitor and adviser. Nowadays the names can be counted on the fingers of one's hand: Penkowska, Palubicki, Arkuszewski. Not even Rulewski is there any longer, because he is not a member of the National Committee. He has ceased to head the Bydgoszcz Solidarity Region and be a vice chairman of the National Committee, now that he became a Solidarity deputy to the Sejm. Nowadays he can be more often found in the Sejm than in Solidarity. Similarly Borusewicz gave up his post as National Committee vice chairman after he became the head of the Caucus of Solidarity Deputies to the Sejm last fall.

Without a Leader

When asked about the chairman, the Gdansk Solidarity members answered, "One does not mess up one's own nest. Solidarity has the leadership it deserves nowadays. Everything now about Solidarity is normal. Nowadays its strength should be rooted in plant committees and not as in the past in the office of its chairman."

A year ago at a special Solidarity congress Krzaklewski was elected the chairman, defeating a major political personage, Kaczynski, an expert in labor law (Ph.D.). Some people contended that the colorless Krzaklewski himself was not responsible for Kaczynski's defeat; it was Kaczynski himself, or rather his political identification with the Center Accord. Krzaklewski lacks the charisma of a leader, and besides it is difficult to be a leader subsequent to Walesa. Maniek, as he is familiarly called at the head office, does not like to have enemies. He is trying to please everybody, which, as known, given conflicting interests, is not possible. With a breaking voice he said, "I feel personally disappointed by the position of the government and Prime Minister Olszewski on the energy price issue."

However, Krzaklewski is a principled individual. "So long as I remain chairman, there shall be no cooperation with the OPZZ [postcommunist National Trade Union Alliance] whatsoever," he declared. But plant-floor reality belies such declarations. Recently "Miodowiczki [Miodowicz's (OPZZ) trade unions] joined Solidarity in a strike.

Without Success

The parliamentary elections were a shock. Solidarity won five percent of the votes. It became clear that people prefer to be [socially] protected rather than involved in

politics, according to Edward Sz wajkiewicz, a man who, as a representative of the Gdansk Shipyard, was present at the roundtable.

Solidarity had expected to win 25 to 30 percent of seats in the parliament. Had this taken place, it would have become the majority leader. It had thus already been dividing the spoils in advance and some of its members already thought themselves to be ensconced behind the prime minister's desk. Ultimately, however, only 11 senators and 27 deputies were elected from among Solidarity candidates.

Without Experts

"The problem is that we still are a trade union of activists but we lack experts. Since only every second plant trade-union committee chairman is familiar with the Trade Union Law, what is the point of it?" confides Jan Halas, chairman of the Gdansk Solidarity Region. The term limit rule does not promote the development of competent trade-union officers. "Once a man learns something, his term of office is over and he must return to work at the plant. All the knowledge he has gained he takes away with him, and his successor has to start from scratch. We tried to amend our statute, but the members were against it, thinking that it would mean a return of the Communists and the perks that go with an indefinite term of office."

There is no financial incentive for working for Solidarity. When all the allowances are included the average monthly salary is 2.5-3.0 million zlotys [Z], which is often less than at a plant, and the hours of work are longer. Solidarity has not withdrawn from any plant-committee elections, and it has taken part in every conflict in practically every plant in the [Gdansk Solidarity] region. "All this has been a waste of effort, unless the system for allocating income from dues is changed," said Bogdan Olszewski, a regional activist.

Without Money

Not everyone pays the dues, which amount to 1 percent of monthly wages. Moreover, 75 percent of the dues are retained by the plant Solidarity committees to be spent on Christmas, Woman's Day, onions, mushroom-gathering excursions, or special payments to members on the occasion of the birth of a child, on a funeral, or as a lump-sum gift.

But money for everything, especially for experts, is scarce. Nowadays negotiations with plant management no longer are limited to wages or protective gloves but also are extended to ownership transformations, loans, and problems relating to the labor law. It is the experts who decide on who is to be the winner. The party with the better experts is in the right. Solidarity often cannot afford any experts.

"The groping in the dark is over," Halas said. "Nowadays workforce meetings are attended by the plant manager waving a balance sheet and shaking his finger as if to

say, 'Pipe down or the plant will go under financially!' We have to verify whether he is bluffing or not. He has his experts, whereas we do not have any. Nowadays a trade unionist has to know everything. I have been already variously addressed as Mr. Doctor, Mr. Attorney, and Mr. Adviser."

Everywhere in the world except in Poland the pyramid of trade-union dues is inverted, with most of them flowing to the head offices of the unions. Over there, they know that a rich trade union means a strong trade union.

Moreover, the American trade-union federation AFL-CIO, which ever since the martial law era used to generously subsidize Solidarity, has reduced its subsidy in half. The International Federation of Free Trade Unions and the World Confederation of Labor prefer to subsidize trade unions in the Baltic countries or in the Commonwealth of Independent States rather than the old-maidish Solidarity, which is no longer the pupil of the eye or the Benjamin of the trade-union movement of East Europe.

According to the Main Statistical Administration, in 1991 the nonstate sector accounted for 39 percent of all employment in this country: This sounds optimistic, but not for a trade union rooted in state Molochs [huge enterprises]. A year ago the number of plant Solidarity committees plummeted—by 20 percent according to some general data. The employees of state enterprises became employees of companies and private enterprises, although that was certainly not the sole reason for the decline in NSZZ Solidarity membership. At non-state firms the wages are as a rule higher, but in return social spending on the workforce by the plant is reduced to a minimum. The private employer is opposed to any trade union and informally poses conditions such as that female employees should bear no children for two years, L-4 work releases should be kept to the absolute minimum, etc. This is meeting with resistance and so, paradoxically, recently the number of plant Solidarity committees has been on the upswing.

Each week the Gdansk Solidarity Region Board is receiving several requests for advice on how to establish a plant Solidarity committee. "The tide is rising again. Only after the private owner begins to squeeze the employees, they [realize that] their best self-defense lies in joining a trade union," said Bogdan Olszewski.

The exact size of Solidarity's membership is unknown. It is estimated at 2.5 million but specific figures will be known only at the April congress. The largest Solidarity region—Silesia-Dabrowa—has a membership of 317,000 and the smallest, Chelm, 10,500.

Without Organizational Efficiency

The territorial structure of Solidarity, which used to be so effective during its confrontation with communism, has now become outdated. As everywhere in the world, the role of subsector sections, of which there already exist 66 associated in 14 secretariats, is growing. The structure of

Solidarity is similar to that of the OPZZ [National Trade Union Confederation]. Every individual industrial subsector or service industry has its own interests to promote and, in the event of a conflict, organize its own protest action and enter into negotiations on its own. Strong subsector-based Solidarity structures in steelplants, mines, and the transportation and energy industries—those monstrous money-losing monopolies created by the People's Republic of Poland—mean a more up-to-date Solidarity and at the same time a brake on overhasty reforms and privatization.

The territorial and subsector structure of Solidarity overlaps moreover with the so-called network—the semiformal horizontal structure—the national alliance of plant Solidarity committees at the larger plants. As one result, there simply is no room for drawing up the organizational chart of Solidarity—it is so complicated.

Without Sensitivity

Solidarity is living through a major crisis: the crisis of prestige, organization, identity, leadership, and finance. The idea of workers' solidarity, contained in the name of this trade union, is dying. Since it is now so fragmented by numerous structures and interest groups, it can no longer afford solidarity strikes. Everyone is watching out for his own interests. Solidarity is falling apart.

"I was a dreamer," said Jan Rulewski. "I had thought that the formula of a union of people sensitive to the problems of others could be preserved." When asked about Solidarity's future, he answered, "Solidarity is like our daily bread: it will survive, but by now without the idea contained in its appellation."

Post-Congress Review Points Out KLD Weaknesses

92EP0273A *Warsaw TYGODNIK SOLIDARNOSC*
in Polish No 10, 6 Mar 92 pp 4, 5

[Article by Piotr Semka: "The Naked Congress"]

[Text] When they were popping champagne corks on the eve of the new year 1992 at the Gdansk Cotton Club, I wished them only one thing, that they might become a normal political party, without sudden leaps from liberal self-education circles to the salons of the Office of the Council of Ministers, and from the ruling party to an isolated group of Sejm "experts at governing." The third congress of the Liberal-Democratic Congress (KLD) was not a turning point: It still is a party that lacks an identity of its own.

The Palace of Culture was chosen as the site of the KLD congress. Small arrow signs guided the delegates, like scouts in a crosscountry race, to the post-Stalin Warsaw Hall where the congress was held. It was a labyrinth in which Mazowiecki, an invited guest, lost his way, which a guard commented upon trenchantly, "He cannot find an ordinary auditorium, yet he campaigned for the Presidency." But let us be fair: It is easy to lose one's way

in the maze within that giant edifice. The delegates met two months after the Liberals had lost power—power which they had received like a veritable gift from the fates.

A Mere Fluke

To this day it is difficult to find an example of [a political party with] an equally meteoric political career. Walesa's whim had elevated the local community of Gdansk Liberals to power. The Liberals were the dynamic counter-elite which won Warsaw by storm with the object of "airing" it. At first they were to rule until the spring, until the free elections. Power beckoned, so they did not protest too much when the "Contract" [round-table] Sejm postponed the elections until the fall and the "15 minutes [of fame]" of the Liberals stretched into an hour, so to speak. The KLD became an attractive alternative to those orphaned by the [Democratic] Union, to that part of the Warsaw "establishment" which lost its taste for the recently defeated salon habitués of the Union. Some of the ministers of state, such as Zabinski and Boni, a part of the young generation of the NZS [Independent Association of University Students], and those associated with the periodical *RESPUBLIKA*, also were attracted to the Liberals. The youthful dynamism of the Liberals, their positive thinking, and their pro-reform stance combined into a style that attracted many people. The impetus of the KLD and the huge popularity of Bielecki had augured that the elections would make the party one of the three principal forces in the parliament [along with Center Accord and the Democratic Union]. The results of the elections proved definitely disappointing, with the KLD becoming merely one of the six main parties in the parliament. The negotiations among the "Five" [main parties] were treated by the KLD as a way of prolonging Bielecki's prime ministership. When this proved unrealistic (and the President's aid did not come through), the Liberals, with an outraged mien, gave way [gave up power]. Among their political partners, their image was that of amateurs who wanted to win all or nothing. The comfortable situation of a year ago did not repeat itself. Despite everything, Olszewski became the new prime minister, and the "wunderkinds" suddenly found themselves isolated. This was a shock to the Liberals, until then pampered by good fortune. The KLD congress was to provide an opportunity for a return to power. The questions piled up.

The Gift of Forgetfulness

At the congress surprisingly little was said about summing up the 12 months of the Bielecki Administration. Although it was whispered offstage that the KLD was not intellectually capable of coping with governing the country, the official image was that of its having done "quite well." Only a cursory mention of the absence of a definite policy on privatization, of a poor customs policy, and lastly of the budget collapse, was made. The malicious, and their number is growing, contend that the 12 months of the Bielecki Administration were very

advantageous to the party's membership (since May 1990 the membership of the KLD grew by 60 percent!) but much less advantageous to the nation. The Liberals scored successes during the 12 months of their rule, but they were not overanxious to discuss their failures. This may be due to fears about the party's image, which is now under attack from many sides. In defending the KLD, the Warsaw Liberal neophytes are defending their own political choices. It was Lech Mazewski alone, the leader of the intra-party dissidents, who had at the congress called for settling accounts with the lost year, arguing that in the long run this would strengthen the KLD. In his turn, the leader of the KLD Donald Tusk had, despite his "good opinion of the government and fairly good opinion of [the KLD's] performance while in power," recalled some basic problems and constraints that had been faced by Bielecki. This is a sensitive issue to the Liberals, and in that connection they often contract a kind of neurosis. Hence perhaps some surprising responses such as challenging four periodicals for defaming Bielecki. It seems, however, that the problem will continue to rear its head and glossing it over may come home to roost. Sooner or later someone will offer the reminder that the KLD has not rendered an accounting of its own performance—and such reminders have nothing in common with promoting stances opposed to the free market.

Hooligans and Pragmatists

Two alternative party programs clashed at the congress. Classical liberalism was championed by Donald Tusk and Janusz Lewandowski, while Lech Mazewski demanded a stronger emphasis of the conservative-Christian option.

Against the background of a fairly colorless audience, Mazewski seemed a political hooligan. He soon stirred up the audience. His cutting political speeches required discussion. He explicitly declared, "The KLD is becoming an isolated party and losing the chance of becoming the leader of the moderate right." He openly stressed the need to emphasize Christian and conservative values—which may attract to the KLD small Christian democratic and republican parties as well as Hall's rightist faction within the Democratic Union. Moreover, Mazewski gained the support of regional KLD branches such as those in Poznan and Katowice. He emphasized that the KLD must broaden its attractiveness and reach out to small-town elites and skilled workers. "It is not true that workers are against the free market. They are simply waiting until someone will offer them genuine participation in the privatization."

Donald Tusk was less effective as a speaker, but his vast political experience proved an asset. He argued that the KLD would not gain anything from becoming the leader of the center-right. At best, it would dilute its consistent liberal line and hence also lose its identity. He was rather chilly in rebutting the possibility of the KLD's opening to the Christian democratic parties: "It does not matter to me whether a KLD member begins his Sunday with a

church mass or a soccer match." As usual, however, Donald's cool pragmatism included a chord of simplicity, because, in concluding the arguments in favor of his leadership, he added almost sotto-voce, "Then, too, I love the KLD." Clearly, he convinced the voters, because he was elected [to the chairmanship of the KLD] by 102 votes to Mazewski's 51.

The fact that Mazewski won one-third of the votes means one thing: The KLD has ceased to be a party formed by a group of friends and is becoming a normal political party with strong factions and internal disputes. "Thank God, finally they are quarreling," signed one of the delegates.

A Union With the [Democratic] Union?

Already at the beginning of the congress, reporters watched out attentively for arrivals of leaders of other parties and noted which chairs for invitees remained empty. Although he was invited, Jaroslaw Kaczynski [the Center Accord leader] did not show up, whereupon one of the KLD leaders tersely commented, "I'm not crying because of it." Likewise, Aleksander Hall did not avail himself of his invitation. The relatively few invited guests representing other rightist groupings (the Republicans, the PChD [Party of Christian Democrats], and the Upper Silesian Union) had the opportunity to witness a truly royal welcome accorded to the leader of the [Democratic] Union, Tadeusz Mazowiecki. J. K. Bielecki greeted Mazowiecki as the leader of "the party of hope." Both ex-prime ministers were welcomed with a standing ovation as "symbolizing the two-and-a-half-year-old reform."

The KLD clearly chose the Democratic Union as its strong partner.

What matters is that the KLD has evidently "bought" the phraseology of the Democratic Union—the warnings against hate, intolerance, and group interests, against dangers that are real but often demonized by the Union. The KLD, which had during the presidential elections become probably the most dynamic counter-elite, now clearly accepted the Democratic Union. Lewandowski in GLOS WYBRZEZA even plainly declared, "During the presidential campaign we kept at distance from each other, and we also were divided by the generation gap.... The Democratic Union originated from elegant Warsaw salons, not from the business and economic circles. In 1991 the groupings got to know each other."

Nowadays the KLD identifies itself with the political alignment which it had wanted to change a year ago. The Gdansk newcomers, now that they have accepted the old elites, no longer feel the need to broaden "the alliance of the wise." Instead, they are luxuriating in the warmth of the salons.

On the eve of the KLD congress the local club of Liberals organized a session "On Dangers to Liberty," at which Aleksander Smolar (Democratic Union) divided the political scene into the "party of memory," which, in his

opinion, desires to establish a Catholic society, and which he views as a danger to political and civil liberties, and, as an alternative, "the parties of hope"—the KLD and the Democratic Union—which stress the proactivism and liberty of the individual.

At the KLD congress a leaning toward social-liberalism could be distinctly sensed—here meaning rightism in economic questions combined with acceptance of notions from the arsenal of the secular left. When the conservative Mazewski pointed to the need to respect Christian values, this sounded to the audience clearly old-fashioned, something bordering at tactlessness.

The Liberals absorbed from the phraseology of the left the vision of a continuing march onward, the march of growth and progress, this time with the free market as the goal. In this march, Roman Catholicism seems an encumbrance, an antithesis of Europeaness. At a session preceding the KLD congress Janusz Lewandowski claimed that Poland is under the overwhelming influence of the Catholic religion, "which is more collective than Protestantism." In offstage discussions during the congress the following simple relationship was often argued: Catholicism leads to fanaticism and restrictions on the rights of the individual. The need to emphasize respect for Christian values, argued by the conservatives, was parried fairly bluntly: "You would like us to become like the ZChN [the Christian-National Union]."

The Government Will Disappear in the Spring Like Marzanna [Slavic goddess whose symbolic drowning symbolizes the advent of spring]

The new leader, Donald Tusk, has clearly decided to distance himself from the Olszewski Administration. At the KLD congress, Tusk emphasized that that administration should not be toppled—although the KLD has the potential for doing so—until a better alternative emerges. For the present, according to Tusk, there is no such alternative, but it is "a question of weeks, perhaps months." In view of this, the concept of a proreform triangle (Center Accord, Liberal-Democratic Congress, Democratic Union) that would strengthen the Olszewski Administration seems no longer viable. The KLD and the Democratic Union explicitly accept neither Olszewski nor his reforms. Kaczynski [Center Accord] on his part wants Olszewski to stay and can do nothing beyond that.

Thus, the KLD is waiting for a new pack of cards to be dealt and in this new situation it is allying itself fairly closely with the Democratic Union. The only question is, to what extent are both these parties resolved to wait for the collapse of the present administration and to what extent they have already taken decisions to shorten its life by voting against Olszewski in the Sejm?

Salon Frequenters, After All?

The congress resolved that the KLD would be governed by an unwieldy 51-member main board, with an equally bombastic [as published] 15-member presidium. Such large governing bodies were actually the brainchild of a

couple of informal decisionmakers linked by ties of friendship dating from the Gdansk days. Had Mazewski, the loser in the elections, been offered the post of vice chairman, the apprehensions would have been much smaller.

A continuing weakness of the KLD as a large national party is the fact that its program is addressed to "the young, the rich, and the healthy." What does the KLD have to offer to farmers or even to those skilled workers championed by Mazewski?

Out-of-town discontent was signalized by the delegate from Upper Silesia Andrzej Roj, who commented on the leadership of the KLD, "They all are in cahoots and their time is over. New blood and new alignments are needed, because the same old Warsaw-Gdansk circle is still feathering its own nest."

Condemned To Rule

Adopting the option of being a party of the elites may turn the KLD into a party of "specialists at governing," for whom the principal rationale would be participation in successive cabinets.

Such a stance readily promotes opportunism at the price of permanent values. It may prompt forming pragmatic coalitions, such as that of the "Five Parties," intended solely to achieve a return to the salons of the Office of the Council of Ministers.

On the other hand, co-opting the position of the Democratic Union and demonizing Polish skeletons in the closet may result in a party that would be somewhat divorced from Polish problems and Polish feelings, a party of salons disdaining Catholicism, that—despite everything—common Polish religion.

One does not choose one's nation, but it is possible to act in long-range terms, so long as one acts without pouting and histrionism and shows a liberal's tolerance.

Diplomatic Service: Infrastructure, Staffing

92EP0238A Warsaw TRYBUNA in Polish 22-23 Feb 92
p 6

[Article by Z.S.: "Movement in Embassies"]

[Text] The infrastructure of our foreign activities is created by the Ministry of Foreign Affairs and a network of its agencies. The headquarters currently employs 382 professionals, while 670 are employed abroad (discounting the cultural and informational offices). In addition, the ministry employs administrative and clerical staff, accountants, and technical personnel.

The core of foreign agencies are the embassies. We have 78 of them around the world. Considering the size and significance of our country, that is a lot, since we have

relations at ambassadorial level (which is the highest) with approximately half of the countries-members of the United Nations.

The greatest number of embassies, 26, are in Europe. Asia follows (together with the Near and Middle East)—26. We have 14 embassies in Africa (including the North African Arab countries) and 10 in South and Central America. And finally, North America, where we have embassies in the capitals of both countries, the United States and Canada, and—Australia. In addition, we have special missions: one to the United Nations European office in Geneva and one to the United Nations headquarters in New York, and a mission to the European Economic Community in Brussels (the heads of these missions are ambassadors).

The network of our foreign agencies was not changed during the period of the political transformation in Poland, which also meant a transformation of the course of our foreign policy. The closing of the embassy in Mozambique might be a result of the changes, but it was rather dictated by a more substantial reason of not having any direct interests in that country. The embassy in Berlin ceased to function, but that was a consequence of the disappearance of the German Democratic Republic. The significance of Berlin, which will gradually return to the status of the capital, and the significance of this part of Germany, called for the establishment of a special diplomatic mission, although formally it is part of the embassy in Bonn. New embassies have been opened following the changes in the political map of the world. Embassies have already been opened in Vilnius, Riga, and Kiev, and we may expect more of them on the territory of the former USSR, particularly in Minsk. As a result of the unification of the two Germans, there was a need for an embassy in Sana. The opening of an embassy in Abu Dhabi is a result of the growing relations with the Arab countries of the Persian Gulf. If we open diplomatic relations with Saudi Arabia, Riyadh will be next. We have also opened an embassy in Manila (the Philippines) and in Dublin (Ireland), but that was an implementation of earlier plans. A new embassy has also been opened in San Jose (Costa Rica). Poland's orientation towards Europe demanded the opening of the above-mentioned mission in Brussels.

Twenty-one of the 78 embassies do not have ambassadors at present. They are headed by diplomats with the *chargé d'affaires a.i.* status (temporarily taking place of the ambassador). In some of them (Beirut, Kabul), no need for ambassadors had been determined earlier. Sometimes the absence of an ambassador results from the small range of mutual diplomatic relations in recent years (Cambodia, Angola, Cuba, Kenya, Nicaragua). In the majority of cases, however, either appointments are just being considered (e.g. Vilnius, Kiev), or decisions are predetermined by the dwindling finances.

A separate case are the consulates general, which are agencies dealing mainly with the protection of Polish interests, and of Polish citizens or people of Polish

origin. The greatest number is in Europe—23 (among them, four in France and three in Germany). In the United States there are three, in Canada—two, in South America—two (including one in Curitiba, which is a Polish emigre center in Brazil). There are four in Asia (including two in China), and one in Africa (Benghazi in Libya).

A development of the last two years are consulates in Los Angeles, Hamburg, and Hong Kong (still a British colony, soon to return under the Chinese jurisdiction). New consulates will soon open in Vancouver (the third in Canada) and in Munich (the fourth in Germany).

In both, in the headquarters and in its foreign agencies, gradual but radical personnel changes are taking place. From 65 ambassadors appointed until the fall of 1989, 62 have been called back. They have been replaced by 52 new ones, 36 of whom are not from the Ministry of Foreign Affairs. Half of the latter are academics and university teachers (eight from Warsaw University). The remaining half includes journalists, one writer, one attorney, and high-level administrative officers.

From 31 consuls general, 28 were replaced in slightly more than two years. Altogether, personnel changes in embassies and consulates involved 85 percent of employees, who were replaced partly by people from the headquarters, but a majority of them by newly hired staff (including 92 people who had passed competitive exams). The headquarters has hired altogether about 150 new employees, some of whom have already left for their posts abroad. Among the newly hired ones from outside the ministry, there are seven heads of departments.

As a rule the new diplomats appointed to high posts are of Solidarity stock.

Financial Scenario for 1992 Offered

92EP0244C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
18 Feb 92 p 11

[Article by Dr. Hubert A. Janiszewski, director of Midland Montagu in Poland and owner of Kalwa Investments, a private advisory firm: "Consequences of Budget Deficit: A Year of Difficult and Painful Decisions"]

[Text] The preliminary budget for the first quarter of 1992 assumes a deficit of 17 trillion zlotys [Z]. Without radical decisions, the deterioration of public funds may create a deficit of the magnitude of 10 percent of the gross domestic product [GDP] (already 2.5 times higher than in 1991).

A deficit of this magnitude may be financed either by an additional massive issue of money or by putting a complete freeze on credits to the manufacturing sector. Any course of action will create uncontrolled inflation in the second half of 1992 and deeper recession of the

economy (a return of the predicament of 1989). What are the ways out of this seemingly hopeless situation?

Financing from outside will probably be limited to 0.6-1.0 percent of the GDP, since a major portion of it will be used to buy discounted debts from commercial banks, after an appropriate agreement is signed with the London Club.

The remainder (9-9.5 percent) will have to be financed domestically. The possibilities for domestic loans are estimated at the maximum of about two percent of the GDP. The rest of the amount must come from a reduction of the budget deficit. The budget balance may be improved by higher revenues (e.g. raising the sales taxes for gas, alcohol, and cigarettes). A rise in such payments by 100-150 percent may bring an increase in revenues by 2.5-3 percent of the GDP.

Another source of savings are cuts in budget spending, including:

- Salaries paid from the budget,
- Pensions,
- Funding for housing construction,
- Freezing of central investments.

Budget savings of 6-7 percent of the GDP will allow to maintain a balanced budget or a slight deficit.

In the above conditions, the stimulation of the economy may not be achieved by monetary or fiscal means. It may be created only by external demand, that is, by currency control in combination with wage control in the state sector.

Other elements of a long-range policy will have to be: higher effectiveness of the tax collection system (especially in the public sector), an urgent introduction of value-added tax (VAT), effective control of public spending, a reform of the administration, and promotion of continued growth and significance of the private sector.

Such a policy will have to take into account the need to reorient and to adapt the state sector to the essential changes in the market situation, to the inevitable employment cuts and lower energy and materials consumption, and to its functioning without the protection of the state. In other words, 1992 will be a year of difficult and painful, but inevitable, decisions. Let us hope we will all have enough courage and imagination.

Draft Housing Program Proposed

92EP0244A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Feb 92 p 1

[Article by E.Z.: "Housing Development Project: Apartments With Owners"]

[Text] Zbigniew Durczok, the new adviser to Andrzej Diakonow, minister of land use management and construction, has presented a nationwide housing development proposal, based on existing possibilities. It is connected with an earlier bill on regulating housing ownership relations, which is currently being updated by the Ministry of Land Use Management and Construction.

The following are the main points of the proposal:

Fewer than 130,000 new apartments were added last year to the existing 11.4 million. About 5 million apartments do not have "actual owners"; they belong to local governments, to enterprises, or cooperatives. Lack of maintenance and delays in repairs exacerbate the deterioration of these assets. Possibilities to allocate funds to the housing sector from the state budget are continuously diminishing. Other actions are therefore needed to stop the deterioration of this sector and to create stimuli able to stir other sectors of the economy. To achieve this, it would be enough to utilize the possibilities existing in this particular sector and in the banking system. The first action to be taken must be ownership transformation.

A sale of 3.5 million apartments, from the existing 5 million, with a 10-year period of repayment by equal installments, will be an ownership transformation of the magnitude close in value to state revenues in 1991. An average family, buying an apartment in this way, will have to pay 13-15 percent of its gross monthly earnings (with loan interest rate for new cooperative apartments at 25 percent). The actual payments will still be lower since such payments will be tax-deductible.

With the sale of 3.5 million apartments, this economic sector will be reinforced by the amount of 1.5-2 billion zlotys monthly. Installments should be interest free and conditional debt remission should also be applied in cases of short-term repayment periods (one-three years). This system will allow to introduce maintenance payments according to actual costs, which, in turn, will become relatively lower.

Financial aid to tenants should be differentiated individually through the tax system, according to income per family member. It may be done either through income tax deductions, or through subsidies to maintenance payments from gminas or social welfare institutions.

Another possible course of action is easing the strain on the budget and buying the capitalized housing credit interest from extra budgetary means. It may be done by releasing funds that are frozen by credit limits, and by utilizing part of the obligatory reserves. The size of these amounts is about 25 percent of the state budget, and in absolute numbers, it is about 60-70 trillion zlotys. It is also necessary to eliminate the current bank practice of retaining interest earned by payments executed through banks, especially credit payments, as well as other payments, made by economic entities through bank transfers. These amounts are estimated to approximate several trillion zlotys.

Appropriate steering of credits will create an investment demand and a stimulation of production, as well as shorter investment cycles. At present, loan interest constitutes as much as 40 percent of the total cost of a construction project.

Lifting of credit limits would lower credit interest rates and make investments cheaper. It would also raise mortgage credit level to an equivalent of a family income of about 40 months. In this way new apartments would become more accessible.

It is necessary to work out local strategies for apartment ownership transformation, which will eliminate barriers in apartment turnover, in order to better utilize existing resources.

Revenues acquired by gminas from these ownership transformations, after an appropriate distribution of funds into renovations and infrastructure investments for new settlements, will augment investment possibilities and the building of infrastructure in the designated areas. If these actions are combined with investments in heating facilities and sewer treatment plants, it will be possible to increase investment funds by a conversion of foreign loans acquired for environmental protection.

Railways Shrinking, Still Unprofitable

92EP0244B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Feb 92 p 1

[Article by Wieslawa Mazur: "Tangle of Impossibilities: Railways on an Inclined Plane"]

[Text] The Polish railroad system transports increasingly less at increasingly higher prices. Its own costs are growing and the Ministry of Transport fears this road will lead the railroads nowhere. The drama ensues from a tangle of circumstances created by the recession, rising unemployment, and fares that cannot be raised because those using the services of the railroad have no money, explain the railwaymen. The Polish State Railroads [PKP] pays world prices for rails, rolling stock, etc., while it charges fares suited to the Polish pocketbooks for its services.

We have to remember that our railroads are among European potentates. Only the French SNCF [French National Railroad Company], so dear to the French, transports more passengers than PKP. We may definitely say it is dear to the French, since it receives about 15 billion francs annually in subsidies (about 30 trillion zlotys [Z]), while it earns only 30 billion francs. In freight transport, only the German DB [German Federal Railroad] is ahead of us.

Last year, PKP transported freight and passengers for Z22 trillion 551 billion, which does not mean it received the whole amount. PKP has its own debtors, which are enterprises, the Soviet Army, and foreign railroad administrations. Unpaid dues from these clients are reaching Z2.5 trillion. The subsidy from the state, finally

approved after three cuts, was Z3 trillion 677 billion. The budget, however, could not supply even that; it still owes Z205 billion. From nontransport earnings (advertising at railway stations, renting of space) the railroads received an additional Z1 trillion 674 billion. In order to earn, an enterprise of this type must first spend a considerable amount. PKP spent Z31 trillion 85 billion for "operation" and Z3.5 trillion for investment. PKP's last year budget closed with a gross loss of Z3.5 trillion.

PKP also contributed to the widening of the budget hole. Last year, PKP paid Z450 billion of popiwek [taxes on above-the-plan growth of remunerations] from the due amount of Z3 trillion 600 billion. The state treasury received only a small portion of the dues. We may add that PKP lags behind with old payments of taxes, also popiwek, which (for 1990) amount to Z2.2 trillion. PKP is supposed to disentangle itself from all that (Z5 trillion 350 billion) by June this year. It does not have any other overdue tax payments. Since it has a deficit, it is impossible to collect an income tax from it.

The longest railroads, in terms of the length of the railroad network, on the continent (24,000 kilometers) are shrinking. Between 1987 and January 1992, transport was suspended on 1,544 km of railroad lines. Plans to close railroads are even more extensive: They will involve 6,000 km of unprofitable lines. Law No. 70 of 1991 has allowed the suspension of transport on 611 km of such lines. Pending the approval of the minister of transport, it is planned to stop transport on 300 km of lines because of "their inadequate technical condition." Another 540 km of lines will urgently undergo an in-depth economic analysis.

Cutbacks in the network will definitely cause cutbacks in employment. There have been no in-depth analyses made, however, of how many employees will have to be laid off because of this trend.

Information on employment and salaries given by the Director General's Office focuses on the last nine months of 1991. From April until the end of December there were no pay raises at PKP. The average "railroad" salary, as of New Year's Day, was no more than Z1 million 940,000, minus the undistributed coal allowance and uniform. The Ministry of Finance made continuous pay a prerequisite before its decision regarding an extension of popiwek. In addition, PKP agreed to reduce employment by 42,500 posts in transport (excluding employees of over 60 technical support enterprises, which separated from PKP, and which employ about 60,000 people).

The PKP weight loss program was surpassed. In addition to that, 47,000 people retired. At the beginning of this year PKP employed 288,000 people.

The management system of the enterprise was also altered. This was also a prerequisite given by the ministry. The so-called railroad transport regional offices, which were intermediate links between stations and regional directors, were eliminated. PKP began to adapt

itself to a smaller work load. Freight transport, which brought profits, dropped by 50 percent in two years.

PKP also transports fewer passengers, which, in secrecy, it does not mind, because each one adds considerably to its costs. In 1991, revenues from passenger transport were in the vicinity of Z3 trillion, while the costs were about Z15 trillion. This discrepancy was covered, but only partially, from subsidies and from freight transport revenues.

As of 1 January 1992, each PKP employee has received a raise of 240,000. The needed amounts will be gained, according to information from the Director General's Office, by further "rationalization" of employment. It is to be reduced by at least another 25,000 people. The number given unofficially is 40,000.

Military Organization, Distribution Detailed

92EP0267A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 8, 23 Feb 92 pp 1, 21

[Article by Miroslaw Cielemecki: "For Your Defense: Following the Collapse of the Eastern Bloc, the Polish Army Is Independent and... Alone"]

[Text] Napoleon claimed that a good army has to be poor. After 200 years, in distant Poland, the maxim of the Emperor of the French is proving true, at least in part: An army has to be poor. But as to whether it would be good as well, we shall not comment.

Napoleonic armies were always on the offensive, and they could capture boots, food, and weapons from the enemy. The Polish Army of 1992 fortunately lacks such opportunities. It has to be supported by the state. Yet for the last few years our destitute budget has had to be slashed at the expense of the military.

For the last two years the budget of the Ministry of National Defense, sometimes termed a survival budget, has been sufficing only to maintain the existing condition of the armed forces. In 1986 the Ministry spent, in present-day prices, 42.5 trillion zlotys [Z]. In the subsequent years the till of the military has been steadily depleted. Last year the military were assigned Z18.781 trillion. This means that in six years actual spending on the military was reduced by about 55.8 percent. The biggest slashes, about 30 percent, were made last year.

Despite such considerable cuts in terms of absolute figures in the defense budget, the proportion of military spending to overall spending from the state budget has not changed as much. For example, in 1986 the military accounted for 8.3 percent of spending from the state budget, while in the crisis year 1991 it was 7.7 percent. The explanation is simple: The state budget has shrunk. Moreover, taxes and customs duties binding in 1991, that is, expenses which are actually returned to the state budget, accounted for a substantial share of defense spending.

In 1990, Poland's expenditures on the military per 10,000 capita amounted to \$940,000. This figure was reached by calculating a conversion rate of Z4,100 per dollar, assuming that this is the real purchasing power of the Polish currency. If the conversion rate fixed by the central bank is used, that is Z9,500 per dollar in 1990, this is equivalent to \$405,000. In that year Germany spent \$6,300 per 10,000 capita; France, \$6,450; Belgium, \$4,070; Czecho-Slovakia, \$2,240; Italy, \$3,520; and Greece, \$3,000. The spending for every 10,000 military personnel in Poland was, depending on the conversion rate used, \$51 million or \$118 million. In the other countries the related figures were as follows (in millions of US dollars): Germany, 756; France, 662; Belgium, 371; Czecho-Slovakia, 178; Italy, 388; and Greece, 150.

One result of the budget slashes in the Polish military has been a nearly total suspension of defense investments and a drastic curtailment of purchases of military equipment. In 1991, for example, 30 greatly needed artillery-missile installations were to be ordered, but only 10 were actually purchased. Of the 13 T-72 tanks ordered at Labedy [Plant], only 10 had reached the combat units. The plans were to purchase 13 radar stations of various types, but only four were actually purchased. The planned purchase of nine automated command systems manufactured in Poland was completely abandoned. Also not implemented were the plans to purchase three MIG-29 aircraft, modern mortars, 18 Konkurs rocket launchers, and 35 aircraft missiles.

Survival Means Backwardness

The estimate that last year's budget of the Ministry of National Defense sufficed to maintain the Polish armed forces at an unchanged level is illusory. In reality, surviving has meant becoming backward.

Gunnery exercises were almost completely abandoned. Practically no tactical exercises of units and branches of the armed forces were held in the field. Instead, they were held on maps. The significance of this shift can be appreciated not only by experts. Aircraft are often taken on only one-third of the planned training flights. Naval vessels go to sea only sporadically.

Then also there are the unfavorable effects of the shortening of the period of military service. The training of specialist military personnel such as signals and radar specialists, missile engineers, etc., had to be reduced from six to four months. A soldier is considered fully capable of performing combat duties after 12 months of service. In other armies the shorter period of military service is offset by employing career military under contract.

In the second half of 1991, to reduce expenses, not a single person with an advanced academic degree has been drafted into the army. Also, this year, no such persons will be drafted.

Training of reservists has been almost completely abandoned. The military had to drop it, because it had to

compensate the reservists for the financial losses they suffered when summoned for training. In effect, the army became "cut off" from its reserve. Normally, any army is expected to triple its size in the event of danger or war—of course, on condition that it has trained reserve personnel to draw upon.

Does this mean that Poland would be defenseless in the event its territory is invaded? Two retired generals have calculated that, e.g., the Ukrainian army, in the event of a conflict, could advance as far as Wroclaw. The persons responsible for national defense reject such a gloomy vision. They are far from concealing shortcomings, but they believe that spreading defeatist moods will further weaken the army. In their opinion, bringing weaknesses to light should be accompanied by making the public aware that the army as it exists now is of definite value. That value is represented by, among other things, trained specialists, fairly well-organized military structures, and substantial quantities of fairly modern equipment. A pilot who is today flying a less modern aircraft is capable of rapidly switching to a more up-to-date one. This also applies to tankers, missile personnel, etc. What then are Poland's military resources?

On Land

As of 5 November 1991, the armed forces of the Republic of Poland totaled 299,000, of whom 112,000 were career military personnel. The army, that basic element of the armed forces, had a personnel strength of 196,150. Actually it is smaller (to conserve spending) by about 70,000 troops. It is deployed in three military districts: the Pomeranian (command headquarters in Bydgoszcz), the Silesian (Wroclaw), and the Warsaw (Warsaw) district. Work is underway to organize a fourth military district, the Krakow, with command headquarters in Krakow, covering southeastern Poland.

The following units are located in the Pomeranian Military District: the 8th Mechanized Division (command in Koszalin); 12th Mechanized Division (Szczecin); 2d Mechanized Division (Szczecinek); 7th Coastal Defense Brigade (Gdansk); 2d Artillery Brigade (Choszczno); 6th Heavy Artillery Brigade (Torun); 14th Antitank Artillery Regiment (Kwidzyn); 2d Engineer Brigade (Szczecin); 3d Pontoon Regiment (Wloclawek); 2d Anti-Chemical Regiment (Grudziadz); 4th Anti-Chemical Regiment (Brod-nica); 2d Signals Brigade (Walcz); 4th Signals Regiment (Bydgoszcz), and the 12th Wire and Cable Regiment (Swiecie).

The Silesian Military District contains: the 4th Mechanized Division (Krosno Odrzanskie); 10th Mechanized Division (Opole); 5th Mechanized Division (Gubin); 11th Mechanized Division (Zagan); 3d Artillery Brigade (Biedrusko); 18th Artillery Brigade (Boleslawiec); 5th Heavy Artillery Brigade (Glogow); 23d Heavy Artillery Brigade (Zgorzelec); 20th Antitank Artillery Regiment (Pleszew); 91st Antitank Artillery Regiment (Gniezno); 1st Engineer Brigade (Brzeg); 4th Engineer Brigade (Gorzow Wielkopolski); 6th Pontoon Regiment (Glogow); 1st Anti-Chemical Regiment (Zgorzelec); 15th Wire and Cable Brigade (Sieradz); 10th Signals Regiment (Wroclaw); 14th Wire and Cable Regiment (Strzegom); 1st Assault Battalion (Lubliniec); and 20th Materiel-Technical Depot (Nysa).

The following units, among others, are subordinated to the command of the Warsaw Military District: 16th Mechanized Division (Elblag); 1st Mechanized Division (Legionowo); 6th Landing and Assault Brigade (Krakow); 1st Escort Regiment (Gora Kalwaria); 14th Escort Regiment (Olsztyn); 5th Podhale Rifle Regiment (Krakow); 2d Engineer Brigade (Kazun); 9th Signals Regiment (Kwidzyn); 80th Antitank Battery (Chelm); 1st Missile and Artillery Troops Training Center (Wegorzewo); 32d Missile and Artillery Troop Training Center (Orzysz); 32d Anti-Chemical Defense Personnel Training Center (Biskupiec); 3d Materiel-Technical Depot (Lublin); 9th Materiel-Technical Depot (Rzeszow); 15th Materiel-Technical Depot (Olsztyn).

The 16th and 1st mechanized divisions are cadre-strength, meaning that they are not fleshed out to full size. The materiel-technical depots serve as embryos for forming new mechanized divisions. The 3d Depot in Lublin is at present being re-formed into a division. Until recently, the 20th Depot in Nysa had the status of a division.

A mechanized division has a personnel strength of about 11,000. It is equipped with, among other things, 186 tanks, 199 infantry combat vehicles and armored personnel carriers, and 238 cannon and mortars. Subordinated to the divisional command are three mechanized regiments (each with two battalions of infantry and tanks), an artillery regiment, an air-defense artillery regiment, a gun battery, an antitank battery, a reconnaissance battalion, and so-called headquarters battalions: repair, medical, signals, engineer, and quartermaster. One or two mechanized regiments and the headquarters battalions are usually deployed at the site of the divisional command.



Approximate disposition of units of the Polish Army.

Rys. MACIEJ MARCHEWICZ

In Air

The airspace is at present protected by the unified-command Air Force and Air Defense Troops (WLiOP) (command located in Warsaw), formed on the basis of a merger of the Air Force and the Air Defense Troops. The WLiOP also is designed to provide air support to the army.

The basic structural units of the WLiOP are: the 1st Air Defense Corps in Warsaw, 2d Air Defense Corps in Budgoszcz, 3d Air Defense Corps in Wroclaw, and the 4th

Air Corps in Poznan. Each corps is an autonomous structure containing, in addition to combat units, maintenance and quartermaster units.

The WLiOP has a troop strength of 83,250 (as of 5 November 1991). Its principal combat units are: the 2d Fighter-Bomber Wing (Pila); 3d Fighter-Bomber Wing (Swidwin); 1st Artillery Brigade (Bytom); 3d Artillery Brigade (Warsaw); 4th Artillery Brigade (Gdynia); 26th Artillery Brigade (Gryfice); 79th Autonomous Artillery Regiment (Poznan); 1st Fighter Aviation Regiment (Minsk Mazowiecki); 2d Fighter Aviation Regiment (Goleniow); 9th Fighter Aviation Regiment (Zegrze Pomorskie); 10th

Fighter Aviation Regiment (Lask); 11th Fighter Aviation Regiment (Wroclaw); 28th Fighter Aviation Regiment (Slupsk); 41st Fighter Aviation Regiment (Malbork); 62d Fighter Aviation Regiment (Poznan); 13th Transport Aviation Regiment (Krakow); 32d Tactical Reconnaissance Aviation Regiment (Sochaczew); 49th Combat Helicopter Regiment (Pruszcz Gdanski); 56th Combat Helicopter Regiment (Inowroclaw); 37th Transport Helicopter Regiment (Leczyca); and 36th Special Transport Aviation Regiment (Warsaw).

The Air Force and Air Defense Troops operates, among other aircraft types, MiG-29, MiG-23, and MiG-21 (bis, M. MF), as well as fighter-bombers SU-22 M-4 and SU-20; reconnaissance SU-20R, MiG-21R; transport An-28, An-26, An-12, An-2; and helicopters: MI-24, MI-17, MI-8, and MI-2.

On Sea

The smallest of the armed forces is the Navy (personnel strength: 19,600). Recently it has transferred to the Border Guard a brigade of coastal defense vessels. At present the principal naval combat units are: the 3d Flotilla (Gdynia); 8th Coastal Defense Flotilla (Swinoujscie); 9th Coastal Defense Flotilla (Hel); 7th Special Aviation Regiment (Siemiowice); 34th Fighter Aviation Regiment (Gdynia); and 40th Antisubmarine and Rescue Helicopter Squadron (Darlowo).

The Navy operates, among other vessels, a destroyer, submarines, missile motorboats, antisubmarine vessels and motorboats, mine sweepers, transport and mine layers, MiG-21bis, AN-2, and AN-28 aircraft, as well as MI-14, MI-2, and W-3 helicopters. The numerical size of the Polish Navy is as follows: 80 combat ships and motorboats, 86 special-purpose vessels, and auxiliary floating units, 66 combat aircraft and helicopters, and 41 auxiliary aircraft and helicopters.

Each flotilla has a different structure. For example, the Gdynia naval flotilla consist of: a squadron of submarines, two squadrons of missile motorboats, a group of reconnaissance vessels, and a squadron of auxiliary floating units. The coastal defense flotillas operate, in addition to floating units, land-based units (a coastal gun battery, a coastal defense battalion, signals and reconnaissance units, etc.).

The Legacy of the Warsaw Pact

During the disarmament talks in Vienna, the basic arms limits negotiated for Poland amounted to: 130 helicopters, 1,730 tanks, 2,150 combat vehicles, 1,610 guns of more than 100-mm caliber, 460 aircraft, and 80 naval vessels. At the time when the Vienna talks were completed, Poland had been a member of the Warsaw Pact and the arms limits then negotiated were specifically linked to that fact.

Nowadays our country is practically in a situation that assures its autonomy and also, unfortunately, solitariness. The accords with Hungary and Czecho-Slovakia

are not in the nature of close military ties, and the road to NATO is still long. No one at present can precisely determine what should the model of our army be in this new situation. Besides, a similar dilemma is faced by other countries, including Western ones, too.

Academic military strategists occasionally provide theoretical formulas of ways of organizing the basic elements of combat operations, which in present-day conditions do not have to be binding. For example, they expect that an effective defense can be provided if the ratio of forces between defender and aggressor is 1:2.5-3. Thus, in theory, a single division can oppose two or three attacking divisions of the enemy. Realistically speaking, Poland at present has 11 mechanized divisions. Thus, to continue our theoretical speculations, it may be assumed that seven or eight divisions may be present in the first line of defense. Each division—here it should be cautioned that these calculations are of a strictly academic nature—can defend a segment 20-to 30-km long. Thus, the frontline of defense that can be autonomously established by the Polish army is readily computed. The true worth of military formations is influenced by their correlation with a nation's economy. When that economy can meet 60 percent of an army's needs, that is a good rating. For Poland, this coefficient is estimated at 30 percent.

The strength of, say, an armored formation does not just depend on the thickness of the armor of its tanks, the horsepower of its engines, and the firepower of its cannon alone. A tank which is equipped with "eyes" in the form of a modern visual recognition system is much more effective than a tank guided chiefly by the eyes of the tanker. This also applies to many other types of equipment. For the time being Poland lacks up-to-date reconnaissance equipment.

The Eastern Border

In the late 1980's certain military units in eastern Poland were eliminated or reduced in strength. Their condition was nearly the same as right after World War II—under-equipped, based on an obsolete infrastructure, lacking garages, workshops, and housing. It was otherwise in western and northwestern Poland. Not surprisingly, in view of the needs ensuing from the then economic situation of this country and the arms reductions unilaterally declared by Poland, the inferior military units were the first to be eliminated.

Nowadays, the situation is different. Minister of Defense Jan Parys has clearly stated that we can expect the greatest danger from the East. Yet the main Polish military strength is deployed in the country's west and north. Does this mean that the eastern border is to be viewed as the nation's soft underbelly? Proposals have already been made for a rapid transfer of divisions from the Odra and the Nysa to the Bug, but they were not

implemented owing to, among other things, the huge expense involved. A division is, however, a fairly mobile military organism: In the event of danger it can move more than 200 km within 24 hours.

In recent years—this being news to many—the role of the Warsaw Military District has changed from that of serving as a rear-echelon district. The 3d Division in Lublin and 9th Division in Rzeszow are being re-formed. The 1st Mechanized Regiment in Wesola near Warsaw is equipped with T-27 tanks and BWP-2 combat vehicles. The 1st Division is now equipped with Gozdzik type self-propelled mortars instead of towed artillery. The 14th Mechanized Regiment is being formed in Przemysl. The 7th Mechanized Regiment of Lublin is being equipped with the newest tanks and combat vehicles. The troop strength of the 6th Landing and Assault Brigade is expected to increase significantly. T-34 tanks ("The Armored Fours"), which until recently used to be common equipment in eastern Poland, can now be seen only on pedestals of monuments.

The political situation in Europe is at present such that presumably for the next few years Poland will not be exposed to direct military dangers. It is thus difficult to speak at present of any specific military doctrine. For the present, the best "doctrine" seems to be common sense in utilizing the legacy of the old system to the Polish armed forces and protecting that legacy from the ravages of time. This is of a certainty not helped by the army's involvement in domestic political quarrels.

Deputy Ministers of Defense on Positions

Romuald Szeremetiew

92EP0268A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 10, 8 Mar 92 p 8

[Interview with Romuald Szeremetiew, deputy minister of national defense, by Maria Kotowska; place and date not given: "Private First Class"]

[Text] [Kotowska] Your appointment to an undersecretaryship at the Ministry of National Defense must have been stressful to a humanist like you who used to be a private first class in the army.

[Szeremetiew] By now I have experienced so many stressful situations that my organism has become resistant. No, that appointment caused me no stress.

[Kotowska] The nature of the work apportioned to you in this connection is rather far from having a good repute, since it concerns indoctrination.

[Szeremetiew] In reality, the nature of my work is such as to have always been highly acceptable to the Polish army. If you are referring to the former Main Political Directorate, we have nothing in common with it. It has ceased to exist. On the other hand, within the Polish army, there exists an educational system. To be sure, some of those working within that system are persons who used to be

political officers and hence connected to the former Main Political Directorate. It should be borne in mind that institution had essentially nothing in common with the tradition of educational work in the Polish army. The persons it had employed were party functionaries wearing officers' uniforms. Now there are no longer any service relationships of the kind causing the deputy for political affairs to be more important than the commanding officer. The educational officer is the commanding officer's assistant for educational affairs, and nothing more.

[Kotowska] You mentioned that some former political officers remain in the army and now engage in educational work. What criteria were followed in vetting them?

[Szeremetiew] About that you should ask Mr. Bronislaw Komorowski.

[Kotowska] What should be the training of the educational officers in the army?

[Szeremetiew] That is indeed a highly important problem. In any normal army—and we want the Polish army to become such a normal army—the commanding officer is the soldier's educator. It is he who is responsible for all aspects of life in the unit subordinate to him, and hence also for the educational process. A similar situation prevailed in Poland before the war.

I personally believe that we need a corps of specialized officers with a humanist background, and with training in psychology and sociology, who, owing to their being graduated from military schools, wear uniforms and understand the psychology of the military community, which after all differs from its civilian counterpart.

[Kotowska] Would you have accepted the post of deputy minister if Leszek Moczulski [the head of the Confederation for an Independent Poland, KPN] had become the minister?

[Szeremetiew] That is a difficult question. The Ministry of National Defense is a highly important institution. I have known Mr. Moczulski for many years and I value him highly as a columnist and an excellent historian. He has made many contributions, and he is an individual who—like I, besides—stirs emotions in others. Irrespective of the objective qualities and worth of an individual, the emotions which he stirs in others may affect his effectiveness. I have been wondering if that also will apply in my case. But... a deputy minister is not the same as a minister. I believe that my situation is better, but yet, as you are aware, there was a great deal of publicity about that affair [as published]. Here let me digress and make a generalization. In our public life, there exist individuals whom we believe to be honest, conscientious, and sincere in their views, for which they have suffered, but it is their misfortune that they formulate their goals and assessments publicly. This elicits hostility, and people think them to be fine persons but somehow a bit batty. I too have met with such reception.

[People think about me] "that Szeremetiew is OK. He too was behind bars [i.e., was interned by the regime during the martial law era], and his record seems clean, and yet...." I think that there are quite a few other people in this country who also leave such a mixed impression with the public, for example, Marian Jurczyk, Kornel Morawiecki, Seweryn Jaworski, Andrzej Gwiazda, and, yes, Leszek Moczulski (although he is better off, since he has succeeded in creating a certain political force, with representation in the parliament) or, paradoxically enough, Senator Zbigniew Romaszewski. I once declared that a person is cursed if he is right prematurely—no one would forgive him for it. I have found this to be true many times.

[Kotowska] You are reputed to be a person with a great sense of humor and a great optimist. Does this help you in your life?

[Szeremetiew] Very much so. Especially in my political activities. At times the pressures are tremendous, as are the disappointments. I remember a traumatic experience. That was the first official celebration of 11 November—Armistice Day—in a Poland which at the time may not yet have been completely free but had already regained the attributes of sovereignty: A mass was celebrated on that occasion for the first time [since before World War II], and... I was prevented from entering the cathedral, which was thronged with people who used to fear taking part in our unofficial street marches for which, as you know well, we used to be clubbed or arrested. But well....

[Kotowska] The onset of your political career is linked to a certain humorous event. Your Wroclaw friends say that at the time your sense of humor had failed you.

[Szeremetiew] This may concern a trip to Krakow, long ago, when I was a university student, I and my fellow students were sent to attend a scholarly session dealing with the PZPR [Polish United Workers Party]. At the time I brought them to the Wawel Cathedral and we laid flowers on the coffin of the Marshal [Pilsudski]. It turned out that a stool pigeon was among us—a person who is now an academic and used to say that it was thanks to him that I started out on my political career. I am not denying this. At any rate, just when the authorities began to become seriously interested in me, I had no choice but to do everything I could to put an end to their existence. In the end this experience proved useful.

[Kotowska] Let me ask a half-genealogical and half-gossipy question. Are you related to the Szeremetiev family?

[Szeremetiew] Historically only in a very distaff way. Let me relate to you an anecdote in that connection. During my trial, the presiding judge mordantly wondered how could a person with "such a" [Russian-sounding] name engage in Polish patriotic activities. I answered, "If Szeremetiew is a Russian name, then Rokossovskiy [a Soviet and then, under the name of Rokosowski, Polish army marshal] is a Polish name.

I think that what is decisive to an individual is his personal choices, his choice of values and fatherland.

[Box, p 8]

Romuald Szeremetiew (47 years old). Wife Izabela (linguist, literary translator). A lawyer, he was graduated from the University of Wroclaw. Repeatedly punished by being barred from employment, sentenced to five years in prison, co-founder of the Confederation for an Independent Poland, adviser to the Leszno Region of NSZZ Solidarity, participant in the citizens' committee movement. Owing to his appointment to the post of deputy minister of national defense, he has resigned from the chairmanship of the Polish Independence Party.

Radoslaw Sikorski

92EP0268B Warsaw PRZEGLAD TYGODNIOWY
in Polish No 10, 8 Mar 92 p 8

[Interview with Radoslaw Sikorski, deputy minister of national defense, by Mirosław Cielemecki; place and date not given: "Without Army Rank"]

[Text] [Cielemecki] Your appointment to the post of deputy minister of national defense has caused an unusual hubbub in this country. Were you expecting such a reaction?

[Sikorski] No. We Poles still cannot get rid of our xenophobia, yet this seems necessary since in 10 years we all will hold the passports of a united Europe.

[Cielemecki] How can you wonder at this situation considering that we had lived through a time when the army, and not only the army, was ruled by foreigners.

[Sikorski] After all, I am no foreigner. No one has accused me of disloyalty to Poland. The publicity concerns only the identity papers I had obtained in Great Britain. The ado concerning my passport serves Poland ill. After all, no one would be willing to invest in a country in which dual citizenship is considered a disqualification.

[Cielemecki] You used to work for a big foreign corporation. People fear that this cannot be reconciled with complete loyalty to the government.

[Sikorski] I worked for New Corporation, owned by Rupert Murdoch. After all, President Lech Walesa himself had invited him to Poland. During his visit to London he told Murdoch that the door to this country is wide open and investment in Polish press and television is welcome.

[Cielemecki] Do you have sufficient experience for holding such an important post? Are not you too young for it? Have you had any previous contacts with the army?

[Sikorski] I did not serve in the Polish army, nor in any foreign one. But I was present in a war, with a rifle on my shoulder. In Afghanistan. I also used to be an analyst of that war.

[Cielemecki] Where?

[Sikorski] I used to give lectures at, e.g., the Centre for Soviet Studies, Royal Military Academy at Sandhurst, at the United States Military Academy in Carlisle Barracks and the Institute for European Defense and Strategic Studies, and at Cambridge University.

[Cielemecki] For whom were these lectures intended?

[Sikorski] For example, at the military academy in the United States my auditors were high-ranking officers and generals, Vietnam veterans. They found my views on the ways of waging war very interesting.

[Cielemecki] But let us return to the Polish reality. You have already toured the military units. How did they receive you?

[Sikorski] The officers with whom I met were very specific. They were interested not in rumors but in major defense-related issues such as the chances for rapprochement with Western military structures or access to modern armaments.

[Cielemecki] How do you view the Polish army?

[Sikorski] The situation I encountered in the Silesian Military District was surprising. It is one of the few oases of order in Poland. I am perfectly aware that the Polish army, like the other aspects of the government in Poland, used to be subordinated to the Soviet empire, and this has influenced its deployment and armaments. All this has to be changed, but with deliberation and in such a manner as to keep the army constantly combat-ready in the meantime, because after all no one can foresee the future. A situation in which we would be defenseless should not be allowed to happen just because not everyone is satisfied with the present status of the army.

[Cielemecki] All over the world the military are of a hierarchic nature. High rank is attained with age. Do Western politicians accept you? Will you find a common language with Western generals?

[Sikorski] Let me first clear up a misunderstanding: I will not command the military. That is what the general staff is for. I will be a military diplomat, for which I believe I have the right qualifications. I speak English and am known in the Western military community. Access to European military structures will be difficult, but everyone wants us in there. To surmount barriers, one needs to meet individuals who wish us well.

[Cielemecki] And whom do you expect to wish us well?

[Sikorski] For example, Mrs. Thatcher's [as published] military advisers. As regards contacts with them, my qualifications are better than those of a couple of other candidates for this post.

[Cielemecki] Have you met Janusz Onyszkiewicz?

[Sikorski] No.

[Cielemecki] Are you going to meet him?

[Sikorski] I think that we shall divide our duties between us, as is the custom in the civilized world. I hope that he will familiarize me with his experience.

[Cielemecki] What is the condition of your new office?

[Sikorski] At my Warsaw office of THE SUNDAY TELEGRAPH I had better communications equipment than in the office of the deputy minister. My telephone is local only, so that I cannot even use it to make calls outside Warsaw, let alone abroad. In our army it will be difficult to strengthen contacts with the West, because the proportion of officers fluent in Western languages can be counted in tenths of a percent.

[Cielemecki] If Leszek Moczulski had been appointed minister of defense, would you accept from him the appointment to your present post?

[Sikorski] I am not a member of the Confederation for an Independent Poland. I used to meet Leszek Moczulski a long time ago, when a change in the government had been hardly conceivable. It seems to me that he would entrust posts such as mine to persons from among his immediate entourage.

[Cielemecki] How is British public opinion reacting to your appointment?

[Sikorski] It seems to me that the British will feel proud that a person educated in their country, who commenced his career over there, has reached such a high position in another country.

[Inset] Radoslaw Sikorski (Radek, in Great Britain). Born in 1963 in Bydgoszcz. Parents, construction engineers, live in the countryside near Naklo. Bachelor.

In 1981 he debuted as a reporter for a clandestine school periodical, ORZEL BIALY. Subsequently he left for Great Britain on a linguistic scholarship. He was there when martial law had been declared. In 1982 he received political asylum. He studied philosophy and political sciences at Oxford. As a correspondent of the London SUNDAY TELEGRAPH and the New York NATIONAL REVIEW he traveled thrice to Afghanistan to report on the war there. He wrote a book about it, *Prochy Swietych* [The Ashes of the Saints]. He received a World Press Photo award for one of his Afghan photographs.

Farm Sector To Cooperate With Russia, CIS

92EP0262B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 22-23 Feb 92 p II

[Article by Edmund Szot: "Farm Trumps To Exploit: The Polish Offer for the East"]

[Text] Anatoliy Petrovich Ustuzhanin is the first deputy of the Russian Federation's Agricultural Ministry, and his 22-year-old son is one of the first farmers in Russia. He recently took possession of 200 hectares of land on the border of Siberia and Kazakhstan and will put to practical use his degree in agricultural engineering. Probably, Polish aid will not be particularly useful to him at the moment, but there were 60,000 such farmers in Russia at the beginning of the year; when the spring work starts, there will be 100,000 of them, and towards the end of the year the number of farm properties in Russia will increase to 150,000.

Thus foresees Minister Ustuzhanin, who came to Poland at the invitation of the "Euroconsortium" and, after talks with several of our ministers, thinks that we have many common interests. "If only we manage to agree," he says, "we can do much that is useful for our countries." Russia's resources are vast, thinks Minister Ustuzhanin, she has many mines, immense forests, extensive lands, and great human potential, whose talents and diligence could be better used through privatization of agriculture. However, this privatization must proceed at a pace, which people a little unused to working "on their own" will be able to accept. These are the problems that will have to be solved over the years.

On the same day (21 February), when Minister Ustuzhanin unfolded the prospects of Polish-Russian cooperation before the journalists at the press conference at the "Euroconsortium," the two senate commissions of agriculture and foreign affairs discussed a broad document prepared by the Ministry of Agriculture and Food Economy: "Cooperation in the Area of Agriculture With Members of the Commonwealth of Independent States." The contents of this document was presented in brief by its actual author, Vice Minister Mieczyslaw Stelmach.

Socio-political, economic and commercial, and scientific and technical considerations advocate the development of such cooperation. Poland has a respectable technological superiority in truck gardening, fruit-farming, seed production, and processing, and also has models of private farming that deserve imitation. Currently in straits, the Polish agricultural machine industry is, as if from the beginning, prepared to serve the new farm properties in Russia and the other republics of the former USSR (with an average surface area of about 50 hectares).

They may not be the best, but Poland does have models of the village cooperative movement, in which a revival has just now begun. In our country, the former soviet community has many unknown institutions of the agricultural or economic company type, which are turning

out to be very useful in the conditions of a market economy. Finally, Poland has passably-equipped agricultural advisory centers, and its scientific institutes have tolerable output, and not the worst agricultural schools. In a word, it has almost everything required for agriculture, which is just now planned to be privatized. We have one more important trump: There is no critical language barrier between us, and the difference in mentality among our peoples is less than it seems to many a Polish "European."

And so, having so many trumps at our disposal, we use them to a small degree, and the work just presented by Minister Stelmach precisely explains what has already been done and what we still should do. We should not even avoid bearing certain costs at the beginning, all the more that they are truly not great, and then pay interest over the years.

Aircraft Industry Ponders Prospects

92EP0266A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Feb 92 p IV

[Article by Wieslawa Mazur: "Aircraft Industry Wants To Survive"]

[Text] If the aircraft industry is to continue to exist, a rescue operation must be undertaken immediately. The government must begin to take an active role in investment. The army must be equipped with what the industry has to offer; preferential credits must be allotted to factories; and "they must be freed from their debts with a stroke of the pen." On 25 February, during a press conference organized by the Aviation Institute, representatives of the aviation lobby from all over the country laid this out clearly for journalists.

Docent Jan Marcin Kowalski spoke about the value of aircraft equipment produced in Poland. In his opinion, the training aircraft "Iryda" may become an excellent first-strike or reconnaissance aircraft after minor changes are introduced. The "Sokol" fighter is also suited to reconstruction. With its slender fuselage, it will be useful to the armed forces. We should have 130 of these fighters; we have 29. The aircraft industry's prospects lie in large part in the army (none of its representatives were at the press conference), which should buy from it and not elsewhere.

Factory representatives took part in the discussion. (The factory in Mielec is in the worst situation, and the plants in the Okęcie district of Warsaw are in the best, at least in the following sense: "one factory is three meters under water and the other just two.") The roots of the WSK PZL [Transportation Equipment Plant, Polish Aviation Plant] in Mielec extend back to 1938, recalled Stanislaw Zmuda, who serves as managing commissioner of the factory, with which he is on very bad terms. After the war, it did not immediately return to aviation production. For a time it produced pots. It began production of the "An-28" at the end of the 1970's. This was an order for 1,000 to 1,200 aircraft. It managed to produce 156,

55 of them in 1990, the year the world trembled and changed. The purchaser, the former USSR, stopped paying for the product. It then ceased to exist altogether. Who could have foreseen something like that? When the system of payments changed, shifting from the ruble to the dollar, it turned out "that the engine alone cost more than the whole plane had cost a short time ago." But must the factory disappear because of all this? They do not believe so in Mielec. States that emerged after the downfall of the colossus own airplanes produced in their own countries and certainly, it is speculated, they will want to overhaul them and even buy new ones. The road network is not particularly well developed there, and the railroad system is not extensive. For a long time, airplanes will continue to be the cheapest way to travel. Modest estimates say that orders for airplanes and airplane parts should amount to approximately 300 million dollars annually. Previously, production of an airplane took 386 days in Mielec; now it takes a year (which is still a long time). Apparently, such production periods cause delegations from the West to clutch their heads with both hands. But Western factories do not so much produce as assemble. The productive part has been given over to numerous cooperators. The Polish aviation industry stands before a period of restructuring and reorganization, but this cannot be done from one day to the next.

As for quality, however, we have nothing to be ashamed of. The plant in Rzeszow, among others, has been cooperating with Pratt-Whitney for years, and the Canadians praise our own. "The lack of investment is a worry," said Tadeusz Cebulak, the head of the factory. "We would make everything in accordance with the highest standards in the world, but we lack equipment." In his opinion, this is so simply because products marked "made in Poland" are not competitive. In the end, as many of the factory representatives maintained, note should be taken of the peremptory battle for the Polish market and the elimination of domestic production from it. Why is the "other side" so readily believed? Are Polish products really always worse because they cost much less?

In the former GDR, aviation equipment remained part of the "inheritance." It was not thrown onto the junk heap. It is being reconditioned (in Rzeszow) and will be useful a while longer. We, who are poorer, trade whatever is at hand for foreign trinkets. There was the example of the "Bell" fighter. According to experts from the aviation sector, the fighter "is now ready and attempts of all sorts are being made to sell it, but buyers cannot be found." Such is the end of rash, snobbish expenditures.

WSK W-wa [Warsaw Transportation Equipment Plant] in Okęcie [a district of Warsaw] has a portfolio full of orders. Moreover, "Wilga" aircraft, production of which began more than 20 years ago, are selling well. The Republic of South Africa signed a contract for 45 airplanes of this type. The plant technical director, Ryszard Moscicki, spoke about two airplanes: the "Flaming,"

which has American engines, and the "Koliber." And for these, there are no buyers. He stated that if the factory does not survive, we ourselves will have to buy small planes abroad, even though their production brings in money. The plant is in poor financial condition because it entered into a contract with the USSR in 1991 (for "Wilga" airplanes) and has not seen one red cent from it. The factory had no working capital, and expensive credit proved fatal. To make matters worse, production costs are growing faster than the price of airplanes. "Solomon would not be able to survive in this situation," explained R. Moscicki. "But we exist, which borders on a miracle."

Waldemar Kijanko, director of WSK Swidnik S.A. [the Swidnik Transportation Equipment Plant, Inc.], which is owed 20 billion zlotys by Mielec, did not change the tone of the discussion. The factory spent the last of its money on American certification for the "Sokol." "Don't begrudge us that pittance, because it went for a strategic expenditure: We will get certification." The former USSR owes the plants 240 billion zlotys. In September of last year, they decided to suspend shipments. They are living from day to day and they are not asking for donations, but, like others who have recited their bitter woes before the press, they are asking for the help that is due them.

Chaotic Telephone System Development Described

92EP0260A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 21 Feb 92 p 1

[Article by Wieslawa Mazur: "Polish Telecommunications Joint Stock Company: A Different System in Every City"]

[Text] "We are not an office, but a joint stock company. We exist for the client," says Jerzy Stopczyk, president of Polish Communications Joint Stock Company [TP S.A.]. He adds that the possibility of reducing international tariffs is being considered in the company and that the first decision of the management will certainly not be price hikes. But he immediately added that TP S.A. wants a modern telecommunications system and is thus purchasing the newest equipment, paying the prices in effect on world markets, and this "has to be reflected." Later he explained that the prices of telephone subscriptions are too low.

A new firm was created in conjunction with the division of the PPTT [Polish Posts, Telegraphs and Telephones] into the postal service and telecommunications at the beginning of 1992. The legacy inherited by this firm includes a number of signed credit contracts for the delivery of telecommunications equipment. The current value of this equipment is \$700 million.

At TP S.A. they do not hide the fact that the situation which they have inherited is very problematical. In the fierce battle between firms over our market, any trick is fair game.

We will stop having problems with international connections throughout Poland when the international exchange in Warsaw is expanded and two intercity exchanges begin operation in Poznan and Katowice. We shall have to wait until next year for this luxury. The American firm AT&T has built an international exchange in Warsaw and will now expand this exchange. With the aid of this giant, Szczecin, Wloclawek, Plock, and Siedlce have all received telephone service.

In addition, telephone service in Warsaw (and in other cities as well) has been developed with the aid of Spanish ALCATEL SESA (S-12 exchanges) equipment. On the other hand, a French branch of ALCATEL CIT (E-10 exchanges) has supplied Poznan.

The German firm SIEMENS won in open bidding, organized under the supervision of the World Bank, to build 12 critical transit exchanges dispersed throughout the country. This firm is likewise providing telephone service for Katowice (EWSO exchanges).

Soon we shall know who has won the battle over Krakow and the surrounding area. The heads of TP S.A. claim that a contractor has already "practically been selected" and "they almost know who this is," but they will not say while trade matters are being negotiated. Meanwhile, each of the three contenders hopes and believes that he has won. ALCATEL SESA is offering its S-12 exchanges, the Swedish firm ERICSON promises that if we decide in Krakow for AXE-10 exchanges manufactured by ERICSON it will provide the means to rebuild the philharmonic near Wawel, which was devastated by fire and NORTHERN TELECOM waiting to hear whether we shall choose its DMS-100 exchanges, which it has already installed in upwards of 20 countries.

At TP S.A. they tell us that American experts claim that we are creating a veritable hodgepodge of systems, for in a country the size of Poland there should be two, or at most, three systems. In their opinion, the variety for which we have already opted may cause problems in utilization. Nonetheless, subscribers may rejoice in the fact that the systematically faulty electromechanical exchanges have been eliminated and that modern electronic ones are growing.

If Polish producers of telecommunications equipment "offered something good, they could expect to be preferred." Unfortunately, neither Warsaw's ZWUT nor Poznan's Teletra can compete on the world market and the world thinks, above all, of selling to us. At best, Polish enterprises can offer modernized pentacotes, electromechanical crossbar exchanges produced for two decades, or relatively modern exchanges of the E-10A system invented in France in the 1960's. Our telecommunications system does not even want to look at such obsolete equipment.

At TP S.A. they are analyzing income and expense plans. Comparisons of various types are also being made at the firm. These comparisons show that our economy is weak

(which we already know). In the FRG, 16,000 conversations may be conducted for the average wage, in Sweden—56,000 (3-minute local calls) and in Poland 2,400. Such a call costs 13 cents in the FRG, 4 cents in Sweden and 6 cents in Poland.

President J. Stopczyk claims that there is an interdependency between per capita national income and the number of telephones per 100 residents. The index is 30 for every \$10,000, 20 for every \$7,000 and 5 for every \$2,000. In Poland, at a per capita income of \$2,500, we now have 8.1 telephones per 100 residents. The firms will do everything possible to overcome this difficult barrier "which should not be taken literally." In January 1992, approximately 5,000 new subscribers were added. Now there are more than 3.5 million. This does not alter the fact that twice as many people would like to have their own phone, but still cannot.

World Bank To Fund Housing Construction

92EP0260B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 21 Feb 91 p 1

[Article by E.Z.: "A Governmental and World Bank Project: Money for Construction"]

[Text] The Polish Government and the World Bank are preparing a program for granting housing construction credit in Poland called the Construction Financing Project. The project will open the Central Mortgage Fund from which local banks will grant construction and mortgage credit.

Investors, including private enterprises, cooperative enterprises and gminas, may compete for credit for new construction and capital repairs. Long-term mortgage credit will be granted to private persons and families to purchase an apartment or a home as their basic place of residence.

All credit will be secured against the financed property, including land and buildings.

The maximum amount of construction credit is equivalent to \$1.5 million. This includes credit from the Mortgage Fund and the local bank, which is obliged to take part in the credit action at a minimum level of 20 percent of the total borrowed sum. The amount of credit will not cover total construction costs. The minimum share required of the credit recipient will be 25 percent of the costs.

The maximum amount of mortgage credit cannot exceed an amount 36 times the monthly income of a family or 75 percent of the estimated market value of the housing under acquisition. The credit recipient must pay in cash the difference between the amount of credit obtained, which constitutes 75 percent of the value of the housing, and its selling price.

It is essential that the members of housing cooperatives have the right to apply for mortgage credit in order to purchase newly built cooperative housing.

The World Bank, which will soon sign a credit agreement with Poland, is earmarking a combined total of \$200 million for construction purposes. The U.S. government has granted us credit guarantees in this economic sector for a total of \$25 million. Talks are also being conducted with the American Congress, which is prepared to grant us a \$1 billion loan for housing construction. The condition, however, is that we assign a similar amount from our budget. Given the financial difficulties we are experiencing in our country this is a difficult matter.

Inflationary Expectations More Moderate

92EP0260C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
24 Feb 92 p I

[Article by P.A.: "A Poll Especially for RZECZPOSPOLITA: Inflation—Mixed Feelings"]

[Text] The beginning of the year somewhat weakened the expectations of the Poles regarding inflation. In a poll conducted by the Sopot Social Research Laboratory especially for RZECZPOSPOLITA in mid-February, the percentage of persons who believe that inflation this year will be greater than last year has declined. At present approximately 45 percent of adult Poles are of this opinion, while a month ago nearly 60 percent of the adult population shared this view. Those who are optimistic are still a small group, which has, however, almost doubled from 4.7 percent to 8.2 percent. They are convinced that inflation will be lower than in 1991. The group of persons who chose the reply "difficult to say" has increased from 13 percent to nearly 22 percent.

The distribution of answers to a question about the anticipated rate of the dollar at year's end likewise changed markedly. Nearly 38 percent of those polled believe that it will not exceed 14,000 zlotys [Z] (in January 32 percent), despite the fact that in February an additional category "difficult to say" was added. Nearly one-fifth of those polled used this category. It may be presumed that groups of pessimists who are convinced that the value of the dollar will lie within a range of Z14,000-Z17,000 (at present 30 percent, a month ago 44 percent) or within a range of Z17,000-Z20,000 (at present less than 10 percent and in January, 17 percent) have declined markedly not only because of the added "difficult to say" category, but also because confidence in the zloty is at least holding its own.

Society believes that only a relatively very low level of inflation is permissible. When given the possibility of specifying this level, nine of ten respondents gave a value lower than 30 percent, while less than 7 percent will accept a 30-50-percent rate of inflation (which is the forecasted rate of inflation accepted in the development of socioeconomic policy assumptions). In combination with the response to the first question, this shows that

citizens are univocal about their fears and preferences regarding inflation. It likewise shows, however, that the majority of them are skeptical about the possibilities that their expectations will be fulfilled.

However, where personal interests enter into the picture, citizens will permit a higher rate of inflation. A large number of them (as many as two-thirds of those polled) heard about the verdicts of the Constitutional Tribunal, which restored wage valorization in the budgetary sphere and repealed the pension law. Nearly 30 percent of this group believe that the verdicts should be executed, even if this leads to an inflation rate exceeding 100 percent, while another one-third is unsure. To be sure, however, some of these express this view out of respect for the sentence and the law and are not expressing their own interests.

As we may guess, among those who support the execution of the rulings, the number of pensioners and employees in the budgetary sphere is somewhat more than the average. The differences are notable: Given an average of 30 percent, more than 37 percent of the people from these two social groups favor the implementation of the verdict, while the number of those prepared to approve the repeal of the verdicts is approximately 30 percent, with a society-wide average of 38 percent. However, the so-called defense of a group interest at any price is no longer evident. This is most probably linked to the fear of inflation and the continued worsening of living conditions as a result.

State Farm Reform by Agency of Farm Property

92EP0262A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 22-23 Feb 92 p II

[Article by Edmund Szot: "Agency of Farm Property Begins Operation: Agriculture Is Again in the Forefront of Change"]

[Text] "The agricultural sector has again found itself in the forefront of change," said the president of the Agency of Farm Property of the State Treasury, Adam Tanski, during a meeting with representatives of the State Farms (PGR), which took place on 21 February at the Ministry of Agriculture and Food Management. It is precisely in this area of the economy that the first Agency, which is an institution of the State Treasury and owner of the state sector, came into being.

Agriculture has been paving the way for change for several years now. The State Farms were the first enterprises in which the so-called economic reform was introduced, and later, marketing followed as the first in food management. Now the State Farms will excel in proprietary transformations.

In the next two years, or at the beginning of 1993, the State Farms will become the Agency's property. The Agency will also take over the grounds of the State Earth

Fund. Management of the farm enterprises will be privatized, mainly through leasing and negotiation of manager contracts. Obviously, the state will own the enterprises, however, it will not be represented by the minister, voivode, or enterprise, but by the State Treasury. Acceptance of this solution is enabling the improvement of proprietary transformations.

The State Farms now find themselves in a difficult economic situation. Both for reasons arising from the existing state of affairs (the barrier of demand for food, the state's retirement from intervention, worsening of price relations), as well as for structural reasons. President Tanski thinks that the first of these reasons is already abating, and that the remedy for the second deficiency should be precisely privatization of management. However, it is not unlikely that some of the state farms will have to halt production.

The rest receive aid from the agency in the form of credit guarantees for the Food Management Bank, which operates them. The agency will also have the right to issue securities with which to pay off part of the enterprises' debts. The agency would like to settle the issue of introducing an income tax on manual workers, which disturbs the State Farm environment, by lowering social security agency (ZUS) rates. Such a solution would not cause an increase in production costs, and would also not lead to a rise in prices.

As the first priority, the agency will take over those enterprises that have settled relations with banks. For it should be a profitable institution and not a protective umbrella for inefficient units. The above-mentioned securities serve to settle financial issues with banks.

The agency's tasks seem to surpass its strengths. All the more that these strengths are, for the time being, only President Tanski and a group of a dozen or so enthusiasts. They will have to take over nearly 4.5 million hectares of land, settle management issues of over 2,000 enterprises, sell nearly 200,000 homes (sale of homes is to be one of the agency's sources of income). Two months of the anticipated two years for this work will soon pass. The agency's statute awaits the signature of the prime minister. Its elaboration was not easy, considering it is a pioneering institution in our country. At the beginning of March, directors of 14 regional branches of the agency will be appointed to occupy the seats of Warsaw, Bydgoszcz, Elblag, Gorzow, Koszalin, Lublin, Lodz, Olsztyn, Opole, Poznan, Rzeszow, Suwalki, Szczecin, and Wroclaw. In one branch, there were from one (Szczecin) to seven (Rzeszow) voivodships.

Everything is still not obvious and clear. Some voivodes increase the general confusion, which delays the undertaking of whatever operations in the state farms until the agency takes them over. Thus, it was made clear that the pre-existing regulations are still in effect, for example, it is now already possible to sell homes and any business that the agency will take over only in a year. It is sufficient if the income from the sale is transferred to the

agency's account. Fears that the engineering and technical team of the state farms will be excluded from the proprietary transformations are termed a misunderstanding. President Tanski emphasized that this team is counted on above all. "These fears," said President Tanski, "could, however, be caused by the reading list of an odd 'minor work'" placed in the 21 February issue of NOWY SWIAT (New World): "According to Tanski, Snatch While There Is Time." One could say, new world—old methods.

The issue of home appraising causes much anxiety. Thus, in appraising the value of homes, experts charge quite stiffly for that, setting prices which shock future buyers (for example, 4 million zlotys [Z] for one square meter). It is worth emphasizing here that no one will have to repurchase a home; somebody who does not repurchase it will become its tenant, but the proposed reductions are so attractive, that repurchase will simply be worthwhile. There will also not be any doctrinarism on the issue of the size of privatized enterprises. Only one principle will be binding: economic rationality.

Enterprises Polled on Economic Prospects

92EP0245B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Feb 92 p IV

[Article by Wieslawa Przybylska-Kapuscinska: "The Economy Assessed by Enterprises: In Suspension"]

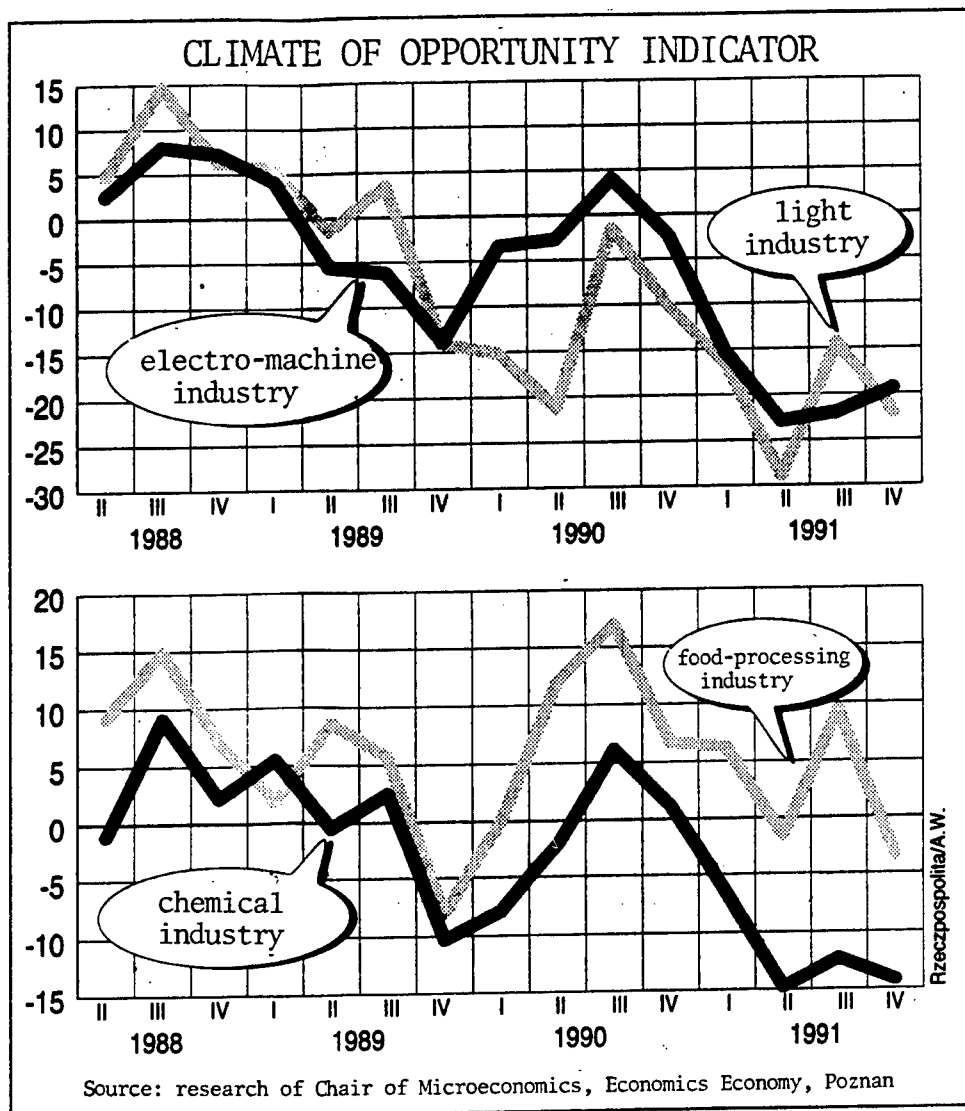
[Text] In light of the opinions of about 600 state enterprises surveyed on opportunities by the Faculty of Microeconomics of the Economics Academy in Poznan, pessimism in the prognosis for the first quarter of 1992 is linked less to the economic results of the fourth quarter of the last year, and more with a negative assessment of the enterprises' so-called environment.

The fact that most of the running negative indicators of conditions in the third quarter of 1991 improved by several points in the fourth quarter would suggest a possibility for the continuation of the improvement trend. It has turned out differently, however.

The political and social mood swings of last December, the difficulties with the creation of a new cabinet of ministers, and the unclear perspectives of the economic program of the new government have had a negative affect on enterprises' opinions on the economic activity expected in the first quarter of 1992.

Leaving aside the seasonal factor (the traditional decline of economic activity after the preholiday peak), an economic vacuum which developed in late November—early December and continues to now has caused a slowing of the revival begun in the third quarter of 1991, and weighed significantly on enterprises' assessments of future management conditions.

The consequence of this situation is a negative value of indicators of the climate of opportunity, constructed for



the four branches of industry studied: the electro-machine, chemical, light, and food-processing industries. The pessimistic vision of the first quarter of 1991, formulated in the usual way by the enterprises, should be differentiated in structural terms. The course of synthetic indicators of the climate of opportunity (figures 1 and 2), and the opinions of expected economic activity in the first quarter of 1992 in the branches studied, attest to this.

Machine Industry

The small improvement observed in running economic indicators in the electromachine indicators in the third and fourth quarters of 1991, despite negative prognoses,

affected the value of the climate indicator positively. It is still negative (- 19.4), but is higher than that noted in the two preceding quarters of 1991 (figure 1).

The general assessment of the economic situation in the first quarter of this year remains negative; the share of enterprises predicting an improvement in the situation (5 percent) fell by five points in comparison to assessments formulated in the fourth quarter of 1991. Supplies of raw materials and other supplies do not pose a particular problem for this sector of manufacturing industry, though at present around 10 percent of the units expect difficulties; in all of last year, the raw materials barrier was stable until now, and affected 6.6 percent of the enterprises. Its rise now being observed might suggest a change in that trend.

The prognosis for the financial situation in the first quarter of 1992 is pessimistic. As many as 67 percent of the enterprises predict a worsening of their financial condition. This is an amount close to that of the prognosis for the second quarter of 1991. At the same time, there appears a small group (5 percent) of enterprises which expects an improvement in their financial situation. Fifteen percent expect a growth in sales. At the same time, the percentage of firms expecting a fall in solid production in the first quarter of this year fell increased from 30 to 35 percent.

Thirty-eight percent, or 2 percent less than in the last quarter, of the respondents in the electromachine industry expect a further decline in demand.

One in three enterprises predicts a further decline in real wages, and 37 percent intends to raise prices on its products.

Light Industry

The worst situation in light industry, which has been continuing for a year, found expression in a highly negative climate of opportunity indicator (- 22.0), the highest among the manufacturing sectors studied (figure 1).

The first impression of enterprises as regards the expected general economic situation is more pessimistic, since almost half the units expect it to worsen in comparison to the prognosis for the fourth quarter of 1991.

In the case of light industry, a rise in the raw materials barrier has been signalled for a year. A good level of raw materials supply is noted among the surveyed sectors of manufacturing industry.

The financial situation in the first quarter of 1992 arouses apprehension among 67 percent of the respondents; judging by opinion, it is thus similar to that which prevails in the electromachine industry. Moreover, it must be emphasized that 13 percent more units than in the fourth quarter of 1991 held such an opinion.

The prognosis for production in the first quarter of 1992 is negative for 26 percent of light industry units, which means that one in four enterprises is aware of difficulties in the sale of its products.

One in four enterprises in light industry predicts a fall in real wages. The same proportion expects a rise in prices on its products.

Twenty-two percent of units undertook investments aimed at reviving activity in this sector of industry in the fourth quarter of 1991. This is essentially almost the same amount as in the previous quarter. Compared to other branches, investments in light industry are, in enterprises' opinions, lower by 50 percent. Light industry intensified extra investment steps in all possible areas. Sixty-three percent of the respondents undertook marketing actions, and 45 percent of the units in this branch introduced new products and improved methods of organization and administration.

Chemical Industry

The level of difficulty experienced in this branch of industry is lower than in the sectors presented earlier. Though the climate of opportunity indicator is also negative (- 14.2), as in the other branches, its level is nevertheless higher. This corresponds to the situation in the second quarter of 1991 (figure 2).

The prognosis for the general economic situation for the first quarter of this year is, however, more pessimistic than that expressed in the second quarter of 1991: 46 percent of chemical industry enterprises expect the economy to worsen, and only 2 percent expect improvement. The prospects for supply of raw materials are optimistic: 98 percent of the units predict a good situation.

The financial situation in the first quarter of this year is a problem for 54 percent of the enterprises surveyed. Although this does constitute a small worsening of the prognosis in comparison to that of the previous quarter (by 3 percent), the prospects for financial difficulties are on balance the same as in the fourth quarter of 1991, considering the improvement in financial liquidity predicted by 4 percent of the enterprises. One in three chemical industry enterprises expects a decline in production. At the same time, the share of enterprises predicting a rise in production in the first quarter of this year decreased (from 20 to 15 percent).

One in three enterprises in this branch predicts a further decline in real wages in the first quarter of this year. This is the most pessimistic view in the manufacturing sector of the expected buying power of money. At the same time, the predicted rise in price levels on chemical industry products is the highest among the sectors studied; 46 percent of the firms announce such a rise.

Chemical industry enterprises sought solutions to their difficulties in management operations through active investments and extra-investment operations. This industry was marked by the highest share of investments among the sectors studied; 44 percent of the respondents made investments.

Food-Processing Industry

The more advantageous situation of the food-processing industry during last year meant that the effects of vacillation of the economy were less problematic for enterprises than they were in other sectors. A slowing of the short-lived revival nevertheless did bring consequences, in the form of a significant lowering of the climate of opportunity indicator (by 12.8 percent), which was negative in the fourth quarter of 1991 (- 3.4) (figure 2).

The prognosis for the general economic system in the first quarter of 1992 is, it is true, more pessimistic than in the third quarter of 1991, but that pessimism is less in

comparison to other sectors. One in three enterprises expects it to worsen, while around 46 percent of the units in the other sectors expressed such an assessment. The food-processing industry expects essential supply difficulties (16 percent of those surveyed); in this area, only light industry (23 percent) predicts greater raw materials problems.

The lower financial barrier, characteristic of the food-processing industry last year—has steepened dramatically in the prognosis for the first quarter of 1992. Fifty-four percent of the units express fears about their financial condition; this is a proportion similar to that of other branches.

The prognosis for production in the first quarter of this year is decidedly more pessimistic than predictions presented in 1991, though it is the least negative in comparison to the expectations of other branches. The share of enterprises expecting a rise in sold production fell from 25 percent to 9 percent. At the same time, the percentage predicting a decline in production rose from 8 percent to 18.5 percent.

The food-processing industry is marked by the lowest percentage of enterprises predicting a decline in real wages (16 percent). Enterprises in this industry predict a further rise in the price levels on their products (46 percent of respondents).

Despite economic conditions more advantageous than in other branches, the food-processing industry has not given up investment or extra-investment actions in order to improve its situation in the market. As many as 41 percent of the units undertook investments, chiefly modernization (29 percent), initiating many new investments (11 percent) as well. This activity was complemented by extra-investment undertakings (71 percent), especially marketing (49 percent) and steps toward improvement of organization and administration (36 percent).

Trilateral's Economic Aspects Considered

92EP0237A Warsaw GAZETA BANKOWA in Polish
No 8, 29 Feb 92 pp 20-21

[Article by Maria Dunin-Wasowicz: "Lech, Czech, and Bela"]

[Text] The countries of the former communist bloc keep being surprised. Most recently by the quite real likelihood of a payments union among Poland, Czechoslovakia, and Hungary. Some people are asking, is that why they have regained their independence, just in order to become dependent again, and voluntarily at that?

The idea is not new at all. The concept of the union had been discussed at the CUP [Central Planning Office] already three years earlier. Subsequently, now and then, the high contracting parties mentioned it casually in reports on their casual meetings. The latest such meeting was held in Warsaw in the late fall of last year. The next

may be held this coming April. These are the certainties. Everything else is a thicket of question marks.

* * *

Who Needs This?

In theory, all the eventual members of the union. If the idea is viewed from the historical point of view, it will be seen to reflect much of the initial attempts at creating the present-day European Community, dating back to the 1950's when the formation of a customs union uniting the member countries of the then nascent EEC was being considered.

To West European economists it is obvious that the countries which desire to become Community members in the future would have to have economies that are strong enough to prove an asset, at least in certain fields.

That was the reason why the European Economic Commission had proposed forming a union of Poland, Czechoslovakia, and Hungary during the Conference on European Security and Cooperation in April 1990. Incidentally, had an agreement on that subject been reached then, it may be that the member countries of the former CEMA would have protected themselves to some extent against the consequences of the collapse of the Soviet economy.

The potential members of the union differ in their attitude thereto. The Hungarians prefer to talk of formulating the rules for a customs union and facilitating trilateral trade rather than of any major financial undertaking.

Czechoslovakia too is somewhat distancing itself from the issue; it most often emphasizes the good political climate of the discussions underway. As for Poles, they are asking for a rational assessment of the situation, and for trusting not so much in them as in the intuition of the West, which has for years been following the principle that a game in which each player plays for himself alone is easier when it is played by several partners.

Is There Any Sense to It?

Yes, there is, but a union cannot be created overnight. Let us assume that no one is questioning the idea of forming the union and consider what preparations are needed.

As is known, in the not distant future—10 years is but a brief moment in economic history—the three interested countries are to join the European Monetary Union. Thus, the establishment of a payments union by the Group of Three, as we shall refer to it henceforth, would be the first rung on the ladder that has to be climbed in order to become an EMU member.

Climbing to the top of that ladder will be arduous (it would take at least six years), but it would be linked to

setting in motion a mechanism promoting the growth of mutual trade and division of labor among the three countries.

That would be also a good time for reaching a suitable understanding between the "Group of Three" and the European Communities. Their eventual meeting would then result in defining the operating conditions and obligations of both parties.

The "Group of Three" would have to obligate itself to continue programs stabilizing the national currencies of its member countries, or making their rates of exchange realistic; to pursue a currency rate-of-exchange policy that would in effect result in the convertibility of the zloty, the crown, and the forint; to maintain fiscal discipline; and to liberalize trade with the countries of the Commonwealth of Independent States as well.

Supervision over the processing and clearing of accounts could be entrusted to the International Clearing Bank in Basel.

The member countries of the European Communities on their part should define the terms on which they would grant suitable credit assistance from an especially created fund as well as financial assistance. That should be a stabilization fund amounting to about \$6 billion (as proposed by Prof. Jozef Soldaczuk, that could be 15-20 percent of the aggregate value of the exports of Central and East Europe to the countries of the Community in the year preceding the formation of the union) and established irrespective of the IMF funds.

The basis for the currency system of the "Group of Three" could be the European Currency Unit (ECU), which would operate as a parity currency, currency of account, and reserve currency.

In this way the union of the "Three" would be from the outset linked to the European Monetary System. In this connection, the selection of the ECU, while curtailing the risks involved in variations in currency exchange rates, would mean that the "Group of Three" would have to abandon settling most transactions in United States dollars.

What May Be the Attendant Losses?

That depends on how much the exchange rate of a national currency is realistic in relation to the ECU. At present a highly likely assumption is that Poland and Czechoslovakia will have to devalue their currencies correspondingly.

At the same time, the principle of a limited and decreasing—e.g., over five years—scale of variability of the rates of exchange of these currencies in relation to the ECU would have to be adopted. Following a transition period, the currencies of the "Group of Three" would have to reach the admissible scale of such variability binding for the European Currency System.

Within these five years the zloty, the crown, and the forint should become convertible currencies. Trade barriers among these three countries would have to be eliminated.

Of a certainty everyone should reckon on changes in domestic prices and production cost, as well as on a decline in the revenues of the state budget from customs duties.

On the other hand, an increase in revenues due to the growth in the volume of exports could then be expected.

The authors of an IKiC [Institute for the Study of Foreign Trade Business Cycles] study (commissioned by the European Commission of the ECC) of creating a free trade zone among the Group of Three presupposed two variants of the unfolding of events in Poland depending on:

—a 30-percent overnight cutback in all customs barriers and the establishment of a large duty-free zone;

—total or partial reduction in customs tariffs (Version 1, 100 percent; Version 2, 66 percent; and Version 3, 33 percent reduction).

Regardless of which version of tariff reduction is adopted (see Table 1), Polish industry is bound to fear a decline in the prices of imported merchandise in 43 different subsectors. In only four of the subsectors mentioned in the table will the decline be less painful—of course, from the standpoint of protecting the interests of Polish industry).

It is obvious that the decline in prices in some subsectors will cause, as a kind of chain reaction, marked disturbances in the entire system of domestic prices. Still, a milder approach (Version 3) is bound to assuage the price shocks.

In other words, establishing the payments union would result in the formation of a free trade area. In time it would extend to the entirety of the economies of the "Group of Three." Initially, however, it should be limited to the products of the industries mentioned in Table 1.

Why? Analysis of the electrical machinery industry (on the basis of 1990 statistics) indicates that a 33-percent reduction in customs tariffs would cause the receipts of the Polish budget to decline by about 203 billion zlotys [Z]; a 66-percent reduction, by about Z400 billion; and the total abolition of the tariffs, about Z600 billion.

The attendant growth in the income of Polish enterprises due to exports would amount to (given a 33-percent reduction in duties) Z124 billion for exports to Czechoslovakia and Z62 billion for exports to Hungary; given a 66-percent reduction in duties, exports to Czechoslovakia would increase by Z246 billion and to Hungary by Z121 billion; given the total abolition of duties, exports to Czechoslovakia would increase by Z372 billion and to Hungary by Z178 billion. Thus, the budget

deficit due to forfeiting revenues from customs duties would be to a major extent offset by revenues from exports.

Similarly, in chemical industry export revenues could reach Z46 to Z139 billion and losses in budgetary receipts, Z23 to Z70 billion.

The situation in the extractive industry would look good: budgetary losses would range at Z11.2-34.5 billion but export revenues would range at Z28-83 billion.

In light industry budgetary losses would be of the order of Z15-44 billion but export revenues would be only Z3.5-10.5 billion.

Unattractive also would be the balance sheet for the products of the pulp and paper industry, where budgetary losses would reach Z22-65 billion but export revenues would be only Z8-26 billion.

In sum, the budgetary losses due to the introduction of a free trade zone (accounting for only part of the economy) could reach Z275-814 billion, and export revenues, Z270-809 billion.

This finding indicates that the cost of abolishing the barrier of customs duties on imported merchandise would be offset by the increase in the value of Polish exports. To be sure, the IKiC study was performed a year ago, in a completely different economic situation, but the differences between a year ago and the present are not depressing.

Could Hope Blossom?

Why not, if only considering that on 1 January 1991 Poland, Czechoslovakia, and Hungary signed—in accordance with GATT requirements—an agreement expressing their readiness to provide the conditions for convenient access to their markets. Since then trade among these countries has been conducted in convertible currencies.

This is a pleasing development, but at the same time criteria for comparison between 1990 and 1991 are scanty. In 1990 Polish exports to Czechoslovakia were reckoned in transfer rubles and amounted to 2,268,000,000 transfer rubles, while imports were 1,390,000 transfer rubles. According to preliminary estimates by the Computer Center, Polish exports to Czechoslovakia were worth \$630 million and imports, \$550 million. The volume of that trade thus turned out to be unexpectedly high.

Just as favorable is our trade with Hungary. According to preliminary Hungarian data, it has reached \$400 million (NBP [National Bank of Poland] statistics mentions only \$200 million, since NBP does not keep a record of the payments disbursed by Hungarian companies in Vienna).

It is interesting that such fairly good results have arisen in a relatively unfavorable situation. First, Czechoslovakia is a country in which foreign trade is under close government control and where enterprises may not

deal in hard currencies, even though the government has announced on 1 January 1991 the internal convertibility of the crown.

Second, in Hungary import licenses cover about 10 percent of all imports of such goods as coal, heavy structural steel components, certain chemicals, and consumer goods.

Hungarian export permits covered 25-30 percent of the overall value of exports (inclusive of electrical energy, steel-industry products, textiles, certain food products). Hungary still continues to apply a system of global quotas for the imports of consumer goods.

The magnitude of Polish-Hungarian trade may also be influenced by the introduction of anti-dumping procedures.

Nevertheless, these difficulties should be no reason for hand-wringing. Studies by the IKiC and the Ministry of Foreign Economic Cooperation indicate that preparing a list of merchandise for which customs duties can be partially abolished is difficult but feasible. Negotiations on this issue are just beginning.

Who Shall Profit Thereby?

In time probably all the three partners, that is Lech, Czech, and Bela. It would be at least unreasonable, however, to expect a rapid payoff from the eventual payments union. The agreement to establish it would be at first a greatly needed correction for pursuing a disciplined financial policy in the member countries.

It is worth noting that the European Payments Union became successful because it had introduced a consistent and stable system of clearings of accounts among its member countries.

For example, the dollar was adopted as the unit of account, with all the consequences thereof to the member countries, which even had to devalue their currencies. Some countries established a regular parity for the dollar, regardless of the variations in its value.

The consequences are not only costly but profitable. For example, the "Group of Three" can have an assured market for its products.

As a result the markets of these countries could be at least partially protected against the recession. Establishing the union would also promote a different and more modern treatment of foreign trade as a three-dimensional and spatial process rather than just as bilateral trade.

The union should not be treated by Western countries as an alternative to financial aid for the "Group of Three." That aid should be continued, in order to facilitate restructuring the economies of these countries. Otherwise, their rapid inclusion in the world economy is not to be counted upon.

Table 1. Subsectors That Will Record the Steepest Decline in Prices

Subsector	Price Decline (in percent)		
	Version I	Version II	Version III
Means of transportation	- 5.5	- 3.7	- 1.9
Heavy industry	- 3.4	- 2.2	- 1.1
Precision instruments industry	- 2.9	- 2.0	- 1.0
Electrical machinery and electronics industry	- 2.1	- 1.4	- 0.7

Version I: Total abolition of customs duties.

Version II: Reduction of customs duties by two-thirds.

Version III: Reduction of customs duties by one-third.

Source: IKiC study, 1991

Table 2. Main Indicators of International Economies

Indicator (in percent, constant prices)	Poland		Czecho-Slovakia		Hungary	
	1989	1990	1989	1990	1989	1990
National income*	0.2	- 12.0	0.7	- 3.5	- 2.0	- 4.0
Investment outlays	- 2.4	7.1	1.8	5.7	- 0.5	7.0
Industrial output	- 0.5	- 24.0	0.7	- 3.7	- 1.0	- 8.5
Agricultural output	- 1.5	- 2.2	- 1.8	- 3.7	- 1.3	- 6.5
Retail sales of consumer goods	- 2.7	- 16.0	2.3	1.3	- 1.2	15.6
Retail prices of consumer goods and services	251	585	1.4	10.0	17.0	28.9
Exports (in US\$, current prices)	- 3.1	4.8	- 3.0	- 16.7	- 3.3	- 2.3
Imports (in US\$, current prices)	- 15.6	9.5	- 2.2	- 6.6	- 5.5	- 2.7
Unemployment	0.1	6.1	- 1.0	0.3	1.7	
Total foreign debt (in millions of US\$)	40.8	48.5	7.9	8.1	20.6	21.3
Net foreign debt (per capita in US\$)	101.3	1,136	364	433	1,833	1,838
Ratio of net debt to exports (US\$)	413	340	75	80	255	267
Ratio of debt servicing to exports (US\$, in percent)	32.9	26.3	1.9	18.2	18.8	

*For Poland and Hungary measured as GDP; for Czecho-Slovakia, as net material product (NMP).

Source: U. Kopec, K. Kaczynski, "Biuletyn Statystyczny GUS. Polska-Czecho-Słowacja-Węgry" [GUS Statistical Bulletin: Poland-Czecho-Slovakia-Hungary].

Problems Facing Reentry Into Europe Analyzed*92BA0654D Bucharest ROMANIA LIBERA
in Romanian 6 Mar 92 p 1*

[Article by Octavian Paler: "We and Europe"]

[Text] It seems that more and more Romanians are leaving the country. And if they fail to obtain a Western visa, it seems that most of them then follow the same pattern. They get on a train that leaves them somewhere in the East where "organizations" that profit from unhappiness promise to take them, for a fee, to the West. Crowded into trucks or vans among crates of all sorts of products, they are transported to a Western border. There they are let off. Now they have to follow various clandestine routes in order to arrive "somewhere in the West," after which other ordeals begin. Dragging along bundles of food and clothing, they hang around railroad stations, sleep wherever they can and live as best they can, and are always in fear of being caught without proper papers and sent back. Then they ask for political asylum but are only able to claim that they have had enough of poverty. And since poverty is not a reason for political asylum, very often they find themselves deported. In the final analysis, no one has to be sensitive to our unhappiness. Yes, we know, the West has problems of its own which it cannot neglect or forsake for humanitarian reasons, and is only defending itself against an invasion by "economic refugees" from the East.

In fact, the phrase "economic refugee" does not apply very well to most of the emigrants from Romania. The truth is that the majority of them leave because they no longer have any hope; they have been driven out of their minds by lies, disappointment, and lack of perspective. For this, the largest category, exile is an act of desperation whose causes are at bottom political—even though desperation is not among the reasons provided for in international agreements for granting political asylum. Furthermore, exile constitutes a painful indicator of the moral crisis set in motion by everything that has happened to us since the revolution. Had things developed normally along the road opened by the revolution, we certainly would not have witnessed emigration of this magnitude, which has become endemic. On the contrary, it is probable that many Romanians who left decades ago would have returned to Romania. Thus we should add yet another objection against the regime currently in power: namely, that Romanians have decided to seek their fortune and professional fulfillment elsewhere, with all the losses that implies for our country.

The magnitude of the emigration and all the painful experiences that go with life in exile complicate even more our already complicated relations with Europe. And I say "complicated" since it is well-known that everything we have gone through since Yalta has left us with two contradictory tendencies. One tendency manifests itself through a kind of ridiculous pomposity that thumbs its nose at Europe with demagogic gusto. The

other tendency highlights a psychological complex, spawned and nurtured in the course of those historic misfortunes that have led to our being poorer, less well fed, more poorly dressed, and clumsier in the use of modern technology than people in the West. Anyone who could understand even a little of our experience and psychology, would see that the mirage of the West is not the result of empty dreams but rather is a reaction. Having rejected, even if implicitly, the official slogans about the "capitalist hell" and the "decadent West," we were no longer in a position to see what is really negative in Western civilization. We could no longer understand the clear-headed analysts who looked beyond the surface, who looked beyond the evidence of material progress. Nor did we pause to realize that the prosperity achieved by the Western world had yet to solve the tangled problem of man's need for happiness—because happiness remains a personal problem which the state cannot solve.

On top of all of these things, various frustrations and humiliations have built up. In the last fifty years, a citizen of Eastern Europe could be easily spotted in a Western city by the way he would look into the sparkling display windows, and by the countless manifestations of the poverty complex. A Romanian, who, after lengthy struggles to obtain a passport, managed to travel in the West, had to live in cheap hotels on the outskirts of town, having little money, and had to find an acquaintance with whom to spend the night. If somehow he went by car, he had to fill the trunk with food and cans of gasoline. He constantly had to keep fearful track of the dollars or francs he had been able to obtain, to be careful about every trifle he bought, to stay out of restaurants unless invited, and to wander the streets with the feeling of not knowing when he might have occasion to return. These embarrassing experiences deepened even further the differences between us and people in the West, creating in us, over time, a psychology of second-class Europeans. The iron curtain resides within us, in our own complexes, and there was no need for us to crash into it.

In these circumstances, it is clear that Europe cannot, for the time being, mean for us what it means for a Westerner, or what it would have meant in the normal course of events had it not been for Yalta's unnatural shaping of history. And it is equally clear that our reentry into Europe is a more complicated problem than it would seem at first glance. It goes far beyond diplomatic arrangements. In fact, the thumbing of our noses and our psychological complexes only serve to keep us in psychological isolation. The political isolation represented by the coolness of some Western countries toward our regime—a fact which acceptance in the Council of Europe does not change—likewise makes it difficult for us to become Europeans in the full sense of the term. In other words, without underestimating the importance of diplomatic efforts, our reentry into Europe depends mainly, not on the Foreign Ministry, but rather on the quality and authenticity of our democracy.

Arguments Against Moldovan Unification Rejected

92BA0662D Bucharest DREPTATEA in Romanian
7 Mar 92 pp 1, 2

[Article by Victor Iancu: "Today's Milcov Is Called Prut"]

[Text] Many false prophets in this century claimed that in order to achieve the national ideal we need a strong hand, a strong regime, and imposed sacrifices, and that the people, whoever they may be, must choose between democracy (which means weakness) and the national ideal. Those prophets were proven wrong in just about everything, but they paid no attention and continued their brazen propaganda. Unfortunately, not without consequences. Today, at the end of the millenium, many, very many people, especially here, in East Europe, believe in this myth, which is as wrong as it is harmful. Because nothing can be more harmful to a nation than totalitarianism, than the absence of individual freedoms and rights. Sooner or later, any totalitarian state is bound to collapse, leaving behind nothing but ruin, poverty, and moral degradation. That was the fate of the pre-1918 empires (Ottoman, Austro-Hungarian, and Russian) and that is the fate of the Soviet empire today, under our very eyes. Totalitarianism, however, also ravages national states, not only empires. The examples abound: Nazi Germany, Fascist Italy, and the communist states in Central and East Europe—Romania unfortunately among them! Nevertheless, the propaganda still continues in Romania! Perhaps even more aggressively and shamelessly than elsewhere. Why is that? What is the purpose? An outsider may be tempted to answer: Simply because Romania has not fulfilled its national ideal. The territories lost in 1940 as a result of the infamous Ribbentrop-Molotov pact have still not been recovered, except for one-third (Northern Transylvania). But that is not the case! The xenophobic nationalism on the banks of the Dimbovita does not originate in that lack of fulfillment. This nationalism is not aimed, as would have been only normal, at recovering the entire country and nation, but at something else entirely. Its sword is pointed in other directions, namely toward the areas in which it can reap greater electoral success (if that is not the peak!). The party and magazine bearing the name of our national ideal stubbornly oppose its fulfillment, by distracting the attention of the Romanian public toward other objectives, all of them of course alien to the real interests of the Romanian nation.

And in this context, who is militating for the fulfillment of the national ideal? None other than those who achieved it in 1918: the National Peasant Party, the National Liberal Party, and the Romanian Social Democratic Party. They have been joined by the new democratic parties formed after the December revolution: the Civic Alliance Party, the Free Democratic Party, the Ecological Movement of Romania, and others.

The foes of Bessarabia's unification with Romania are spreading all kinds of diversions in order to conceal their cowardice (or complicity with the secret police of the former empire) and to justify their unacceptable antinational position, that "The moment has not come" (what may that moment be?), that "We must not separate the Russians precisely at this time" (as if Boris Yeltsin claimed the geographically impossible feat of joining Bessarabia to Russia!), that "We had better wait until Moldova is reunited with Southern Bessarabia and Northern Bukovina" (as if the Republic of Moldova, a tiny country of something over four million inhabitants, had greater means of recovering those ancient Romanian territories than Greater Romania—a state whose population comes close to 28 millions), that "For the time being the Bessarabians do not wish this unification" (Who asked them? Was there a referendum? Or are we going by the KGB slogans or those of the former PCR [Romanian Communist Party] during the time of the occupation, which stated that the Bessarabians could not wait to "be freed from the yoke of Romanian imperialism"), that "If we force a unification, the Russians will cut off our gas or stop giving us oil." My beloved people, if in 1918 Ion Inculeț, Pan Halippa, Iancu Flondor, Ion Nistor, Iuliu Maniu, Vasile Lucaciu, Vasile Goldis, Ion I.C. Brătianu, and King Ferdinand I of Romania had thought the same, we would have had nothing left to lose in 1940. The national ideal would never have been fulfilled. There is one fundamental thing we must understand: Nothing can stand against the national idea. Not even the fear of death.

The democratic parties must have a decisive impact on public opinion in this respect. The year 1992 is the 1918 of the end of the 20th century. Two empires which were holding sacred Romanian land under their boot collapsed in 1918. The empire that was still enslaving the only Romanian territory not recovered collapsed at the end of 1991. We have not a moment to lose! Today's Milcov is called Prut. That is where all Romanian eyes should be turned. And if some people suggest that we postpone the fulfillment of our national ideal, we will know that they are the deceivers of the people and that their inflated phrases full of big words about fatherland and nation are nothing but an abject equivocation.

Parliament Not 'Goofing Off,' Contends Vacaru

92BA0654B Bucharest AZI in Romanian 4 Mar 92
pp 1, 3

[Interview with Vasile Vacaru, National Salvation Front Senate leader, by Rodica Ciobanu; place and date not given: "The Normal State of Affairs Is Work, Not Goofing Off"]

[Text] Interview with Mr. Vasile Vacaru, leader of Senate parliamentary group of the National Salvation Front [FNS].

[Ciobanu] Senator, Parliament began its regular session on 1 February. Which bills do you believe are priority items this week?

[Vacaru] To be honest, in this legislature we have dealt with nothing but priority legislation. Thus far we have managed to pass about 119 laws and I believe that by the end of our term we will succeed in getting many more important laws through the Senate. At the present time those laws taking precedence are the Budget Law for 1992, the Law on General Elections, and the Law on the Presidential Election. There are others as well, but these are the urgent ones. We had found ourselves in a kind of legislative void. Now we have filled it a bit, but there is still room for many legislative acts. We, this parliament, have done good work, though perhaps not extraordinary work, because we did not have enough time. The observation I have heard many times that "Parliament did not pass this law or has not done such and such..." seems to me unfair. I do not believe there is any parliament in the world that in such a short time has passed so many laws, in addition to the Constitution.

[Ciobanu] You mentioned the Budget Law of 1992. Because of differences within the various parliamentary commissions, there is the danger that the law will not be passed if certain budget allocations are not approved. How will you proceed to bring Parliament into a state of relative cohesion, so as not to hear as many voices as there are commissions?

[Vacaru] In general we have to get together as a group in order to express a common point of view. We especially have to do this with the budget since all colleagues must understand that in order to allocate more we need larger resources. I do not deny that there are areas that require budget supplements. I am referring to education, health, and investments. Indeed, I believe that we have to discuss these things within our parliamentary group and also with our opposition colleagues in order to find, for this law which is so important, a solution that is not so much the best as the most suitable at the present time.

[Ciobanu] The Budget Law will be debated by the two chambers in joint session. Still, on more than one occasion Front parliamentary groups—from the Senate and from the Assembly of Deputies—have been out of step with each other, and have contradicted each other during discussions and even in the way they voted. The most recent example was the SRI [Romanian Intelligence Service] Law, when the Assembly united against the Senate.

[Vacaru] Well, yes. But we should not generalize from such an example. There were several cases in which we were not synchronized. But that does not mean that the two groups of the FNS regularly vote at odds with each other. The rule would be that we tend to agree, but we do not always succeed. We here in the Senate are smaller in number, form a more homogeneous group, and thus

coordinate better among ourselves, while our deputy colleagues are more numerous and more diverse in their views.

[Ciobanu] It appears that the next parliament will be smaller than this one. Do you believe it will be more efficient?

[Vacaru] In the bill concerning general elections there is a veritable dissertation about the virtues and disadvantages of a smaller or larger parliament. In my view the current numbers—136 senators and about 300 deputies—are well justified. But during committee discussions I understand that the wish has been expressed for an even smaller parliament, which I believe is very good. The smaller we are, the faster we work. We in the Senate are 119. But when television viewers see empty seats they think we are goofing off. In fact, it is not a question of goldbricking. Work goes on in special commissions or senators are away on assignments.

[Ciobanu] Still, the roll was called several times in the Senate. The first plenary session of the joint chambers this year was suspended because of over 270 absentees, very few of whom had good excuses.

[Vacaru] That does not mean they were goofing off. If I remember correctly there was a fog then, and many parliamentarians who come from hundreds of kilometers away could not get here on time. I repeat, there is no goofing off. I do not want to take up the defense of my parliamentary colleagues on this; I merely wish to state that the normal state of affairs is work, not goldbricking.

[Ciobanu] Do you feel it is absolutely essential for parliamentarians to go out into the field during the electoral campaign?

[Vacaru] Yes. Both the opposition colleagues and those of the Front have to support their candidates. Senators and deputies were the first to receive the vote of the people and I believe we must honor this trust properly now that this legislative term is, perhaps, coming to an end.

[Ciobanu] You have been the leader of the Senate parliamentary group from the beginning, and I have the impression that you will remain leader until the end. I invite you to give your own assessment of the term.

[Vacaru] In contrast to the Assembly of Deputies, the Senate parliamentary group is more homogeneous, and my task is easier. Luckily I have around me fewer colleagues, less temperamental ones, and, I dare say, wiser ones. Speaking of this longevity of mine, a colleague recently proposed that I be replaced. I was glad to see that only four of my 63 colleagues agreed to discuss the proposal. You should know that I did not go out of my way to remain leader of the group until the end of the term. The work is hard enough, and I derive no monetary advantage from it at all. It is no great joy either. If these colleagues of mine want to replace me tomorrow or the day after, whatever they decide is how it will be.

[Ciobanu] That is just what Mr. Birladeanu said with regard to his eventual departure: "What the Senate wants is the way it will be."

[Vacaru] Absolutely. I am of the opinion that the longer you hold a seat, the more quickly you will lose it.

FSN Press Bureau Analyzes Elections Results

92BA0662B Bucharest AZI in Romanian 6 Mar 92 p 3

[Article by the Press Bureau of the National Salvation Front: "The 'Rose' in the Local Elections"]

[Text] The two rounds of the first local elections reconfirmed the desire of the entire Romanian society to consolidate the development of the democratic system and the law-governed state, and to guarantee—at the local level, too—the irreversible path toward truly modern structures.

An analysis of the final results of the recent local elections leads to the conclusion that the National Salvation Front [FSN] is still the major political force in Romania; moreover, it is the only political force that enjoys massive and stable popular support throughout the country. The scope of the faith that the electorate showed in the Front was highlighted by the fact that the Front had to confront a coalition made up of no less than 14 parties and organizations. In spite of this disproportionate situation, the FSN won 40.24 percent of the overall number of councilors (16,051 out of 39,892), while the Democratic Convention won only 20.89 percent (8,333 seats). This result is all the more significant as the votes given to the lists of councilors has an incontestable political significance and, at the same time, may be viewed as an exact measuring stick for realistically assessing the chances with which the Romanian political forces will go to the general elections in May.

The votes given the mayoral candidates also confirmed, to an equally important extent, the dominant position of the FSN, which won 47.90 percent of the overall number of town halls, while the Democratic Convention won only 8.65 percent (i.e., only 253 mayoral positions).

In the electoral contest for the cities, the FSN won 43.3 percent of all mayoral positions, while the Democratic Convention won only 37 (i.e., 15.41 percent). At the moment the Front holds 19 mayoral positions in county seats.

Having made a realistic analysis of these figures, the FSN notes that its positions have been eroded, something that caused an electoral drop—albeit only in some of the major cities—nevertheless, it believes that such a drop was predictable, having been generated primarily by great and difficult problems hard to resolve in a short time by any administration, accumulated especially in the major urban concentrations.

In view of the results obtained, it is surprising to hear FSN political figures or others close to it refer to them as some alleged electoral disaster. We believe that such statements are more indicative of a subjective nostalgia—which is both trans- and non-political—for the 20 May 1990 elections, as well as, which is much worse, an acute failure to understand the normal dynamics of Romanian society.

We believe that, aside from the flaws noted, these elections marked an important victory for democracy and for the pluralistic political system, a victory to which the FSN made a contribution of the first magnitude.

The FSN takes this opportunity to once again express thanks to its sympathizers and voters for the support they gave it during the electoral campaign and the election, which it views as an important test, successfully passed, on the eve of the coming general elections.

PSDRT Chief on PRM Merger, FSN Relations

92BA0654A Bucharest ROMANIA MARE in Romanian 6 Mar 92 pp 8, 9

[Interview with Lucian Cornescu-Ring, leader of Traditional Romanian Social Democratic Party, by Florian Popa Micsan; place and date not given]

[Text] [Micsan] Mr. Cornescu, please state the position of the Traditional Romanian Social Democratic Party [PSDRT] with regard to the recent appeal by the PRM [Romania Mare Party] to all patriots to establish a grand coalition called the National Party. Will you join that coalition?

[Cornescu-Ring] I would first like to state that I am a bit embarrassed by the word "party." But I have nothing against the word "national." As far as the PSDRT is concerned, we are ready to join in any association with a worthwhile purpose; in the present case, the purpose being the welfare of the country. As for me, Mr. Corneliu Vadim Tudor is not only a pamphleteer and a polemicist—I do not want to give compliments or to criticize and therefore am not going to tell you if that is good or bad—I see him first and foremost as a party man. If I conclude that Mr. Corneliu Vadim Tudor is just as sincere as I am as far as the profound interest of the country is concerned, I will not refuse the extended hand.

[Micsan] How then will you be convinced? Do you want to test Mr. Vadim's sincerity?

[Cornescu-Ring] It is not a question of that. There still exist certain preconditions before the PSDRT can join the coalition initiated by the PRM. In my opinion all Romanian citizens have equal rights and thus merit equal consideration. I believe that the very notions of sectarianism, racism, anti-Semitism, etc. are notions without meaning, are empty, void. To the extent that Mr. Corneliu Vadim Tudor agrees, I will gladly clasp that outstretched hand. But until then, I must tell you that

Romania has lost out as a consequence of some articles from ROMANIA MARE. A lot of business is no longer conducted with our country because the Israeli ambassador in Bucharest and the Chief Rabbi Moses Rosen have circulated translations of articles from ROMANIA MARE.

[Micsan] That means that the rabbi and the ambassador are responsible. Who told them to circulate the articles? Still, one can see from reading the translations that it is not a question of anti-Semitism but of Romanian patriotism, of Romanianism.

[Cornescu-Ring] Outsiders are not much interested in such subtleties. They accept what the ambassador and rabbi say at face value and refuse to do any more business with us.

[Micsan] Mr. Cornescu, I would like to tell you something: the poet Florica Mitroi, whose son lives in Israel (his father is Jewish), is convinced of one essential fact: Mr. Corneliu Vadim Tudor is not an anti-Semite, but, on the contrary, he loves Jews and has many Jewish friends. And while we are on the topic of Jews, is it true that you are supported by Jewish financial circles?

[Cornescu-Ring] I will take it from the beginning. I came to Romania in two stages: the first was between 1943-62, while the second was between 1973-82.

[Micsan] The year you were born was 1943?

[Cornescu-Ring] Precisely. Thus in the first period that I came to Romania (1943-62), everyone in my age group was an agnostic from the religious point of view; they were people without religion, because that was the policy of the Communist party, as we all know. Having said that, after I arrived in France, I married a French lady, the ceremony taking place in the Catholic cathedral of Le Mans, the town in which the automobile races are held, while the person who married us was the town pastor. Concerning me, with regard to the source of my finances, were I to be assisted in my political activities in Romania, then logically it would be the Vatican that would have to help me and not those that you cited—Jewish financial circles. Going beyond that, my response to your question is no, a clear and categorical no. As to the question: Who supports my party and economic activity, the answer must be accompanied by a big sigh: I alone. With what money? That is very simple: With the money I earn.

[Micsan] At first I was going to propose that we spend a little time on the first period of your life, from 1943-62. But I do not want to bother you too much; I see you have a bit of a cold and I do not want you to get a fever on my account. I have received some information about you that I have not confirmed: that, at the time of your high school studies at "Iulia Hasdeu," you were a ne'er-do-well; excuse me, but that is what I was told, that you did not stay in school, that you stole books from a neighbor, a lady professor named Lucica Tene, which you then sold to make money. Furthermore I was told

that your mother was divorced and, in order to be able to raise you, got married again, to a butcher.

[Cornescu-Ring] My mother was left alone with two children after my father, Camill Ring, emigrated to France. Then we all left for France.

[Micsan] I, personally, have not published anything. I wanted to spare you. Could I have written that you were something of a dunce and that your colleagues were better students?!

[Cornescu-Ring] Thank you.

[Micsan] You are welcome. Personally, I like you. Moreover I told myself, knowing you personally, that you may be well-intentioned, that you may have the welfare of this country in mind. When you get right down to it, businessmen have to be encouraged. The problem is: are you an honest businessman? Specifically, Mr. Cornescu, what business dealings do you have in Romania? Are they doing well?

[Cornescu-Ring] My businesses are quite varied, involving financial, commercial, and industrial activities, both internal and external. Are things going well for me? Yes, well enough to provide wages for over 100 people, specialists in the above-mentioned areas.

[Micsan] Wicked mouths say that you had business dealings in Romania even before the revolution and that Elena Ceausescu herself helped you to get into the Romanian market. Is that true?

[Cornescu-Ring] Now you have touched on the second period of my coming to Romania, between the years 1973-82. After a year of commercial activity in Romania in 1972, I made a profit of \$4,000. That is to say, zero. Starting then from this profit, my businesses in Romania grew little by little, and their net worth became extremely significant by the beginning of 1980, especially if we take into account the products that I bought in Romania and then resold abroad—industrial products that are generally difficult to dispose of on the market. The net worth of my businesses reached tens of millions of dollars.

[Micsan] Some of the information I have received states that you are Petre Roman's man; that allegedly Petre Roman rented lodgings from your father—the ex-militant socialist Camill-Ring—when he had a scholarship in France, at Toulouse. That does not interest me. Something else is important: is it true that you are maneuvered by Petre Roman?

[Cornescu-Ring] It is very difficult to be created or maneuvered by someone with whom you have no ties, neither good nor bad. I met Roman in February 1990. At that time I proposed two big deals to him, that, unfortunately, did not come off.

[Micsan] Why did they not come off? Because of Petre Roman?

[Cornescu-Ring] It was neither his fault nor mine. A short time before meeting Petre Roman, the minister of the economy at that time, General Victor Stanculescu, asked me to solve a rather difficult problem: how to obtain for Romania, which was dying of hunger, 80,000 tons of meat. The condition was that the Romanian state not pay for the meat in dollars.

[Micsan] So what did you do?

[Cornescu-Ring] First of all I purchased three airline tickets for Latin America. I took with me two veterinary specialists, Mogos and Teveloiu, and I brought them at my expense to Brazil, Argentina, Uruguay, and Paraguay. They verified the quality of the meat and the quality of the slaughterhouses of those four countries. Then we returned home. After a few days Romania received a firm offer from the "Junta dela carne" (the Meat Ministry) of Argentina. They offered us 10,000 tons of boneless beef specially cut for us. What is important here is that it cost the same as the meat we buy from the European Community, but it was fresh, not frozen for two or three years. The meat from Argentina cost, if I remember correctly, \$2,000 per ton. We were able to obtain 70,000 tons, which would have cost \$140 million. There was one problem: where and how to find \$140 million?

[Micsan] You called on Iosefini and his magic hat? Did I guess right?

[Cornescu-Ring] No. Somewhere in Romania at that time there existed 100,000 tons of aluminum, paid for by the state budget years back, which thus cost us nothing, but that we could sell. Aluminum and beef are exchange products, i.e., products the price of which changes daily. At that moment the exchange price of the aluminum was \$1,500 per ton. What did I propose to Mr. Roman?

[Micsan] This is getting exciting. What did you propose, what else went through your head? Was it before or after the business with "Le President"?

[Cornescu-Ring] At the same time. Solving this problem required, objectively, the following actions: the purchase by me of the entire stock of aluminum at \$1,430 per ton. In order to convince Mr. Roman, I explained to him that the production price was \$1,320 per ton and that, in any case, the price was an unimportant detail as long as the merchandise was in stock and inventories were full. Then it was necessary to make out a check for \$143 million to buy the aluminum. Then, after reselling the aluminum, I could buy the beef from Argentina.

[Micsan] Wait a minute: Did you have that kind of money, \$143 million?

[Cornescu-Ring] That was precisely the question Petre Roman asked me. The discussion between me and Petre Roman took place a few hours after the ex-premier returned from Paris, after the first official invitation. In order to be able to answer and to prove it, I asked for a break in the discussion and to resume the next morning.

At 0900 the next day Petre Roman had a fax from Switzerland in his office, which clearly confirmed, without any doubt, my authority to make the purchase. Petre Roman sent me to two important people involved in the transaction: the official meat purchaser and the official aluminum salesman. Unfortunately at that moment Mr. Roman did not yet have real power in hand, whereupon the two main participants in the transaction, Prodexport and Metalimport, refused to go through with the deal.

[Micsan] Why did they reject it? Was it not a good deal?

[Cornescu-Ring] The rejected it not because it was not a good deal, because it was a good deal, for the country, though perhaps not for them. Because of that rejection, those two functionaries of Prodexport and Metalimport were fired by Mr. Petre Roman—though only much later when he had the authority to do so. Meanwhile, however, because of those two, Romanians ate animal hooves for many months more. So it was not Mr. Petre Roman's fault.

[Micsan] When did all this take place?

[Cornescu-Ring] I told you, in February 1990.

[Micsan] On what pretext did those two reject the aluminum-beef deal?

[Cornescu-Ring] The one from Prodexport said that they did not have the money to buy the meat. I explained to him that I had the money. Then the representative of Prodexport objected that, in any case, he would not buy at that price. At Metalimport the director general explained to me that he preferred to sell little by little, that he could get much more.

[Micsan] Do you know if he was successful in getting a lot more per ton of aluminum?

[Cornescu-Ring] I know. Little by little, selling some 10,000 tons here, some 15,000 tons somewhere else until finally the entire quantity was sold. Even if he got some dollars, Romania gained nothing. We all went hungry from the beginning of 1990.

[Micsan] You said there were two deals. What was the second?

[Cornescu-Ring] Well, as I have already said: there was a meat deal, and an aluminum deal. That makes two, right?

[Micsan] I see. Mr. Cornescu, I told you that I have spared you, that I have not written anything about you up until now. Still, can you tell me what you did between 1962-73? You left Romania after you fumbled your way through high school—I know from a schoolmate of yours that you were not particularly brilliant, on the contrary....

[Cornescu-Ring] After leaving the country, I applied myself seriously to school. I studied medicine for three

years and four years of higher studies in business—equivalent to the ASE [Academy of Economic Studies] in Romania, then I started my first business, then the second, etc.

[Micsan] At the end of the first round of local elections, you declared in a press conference that one of the parties of the Democratic Convention, the PNTCD [National Peasant Christian Democratic Party], had received millions of dollars from abroad. Why didn't the PSDRT join that alliance? What is your position on joining the Convention?

[Cornescu-Ring] I do not like engagements. I like long marriages. This past week I celebrated my 29th wedding anniversary.

[Micsan] May you make it to your golden anniversary.

[Cornescu-Ring] Thank you.

[Micsan] What's the story with Graziela Birla? Was the child yours or her husband's?

[Cornescu-Ring] Graziela is not married; she had an affair with someone and gave birth. Unfortunately the child was killed by some orderlies at the Municipal Hospital.

[Micsan] You said that you do not like engagements, but, rather, strong marriages. Has the PSDRT gotten married yet to the FSN [National Salvation Front]?

[Cornescu-Ring] In one of my first meetings with the press I said that the PSDRT is a feather in the body of the FSN, whereupon a journalist called me a sledge hammer. With or without that feather the FSN has fallen apart. During another press conference later I said that we are like a canvas over the FSN. I believe that view has been confirmed. Our political clientele is, by definition, the same as that of the FSN. Quite a few of our members, especially in the last few weeks, are former dissident members of the Front. At the time when I created the PSDRT, nine months ago, I told a high official of the FSN that our doors are open wide to those with the same outlook on life as our own. FSN people have been coming, little by little, but they come.

[Micsan] I know from a reliable source—and you are the one who has confirmed it—that the PSDRT was created so that Front desertions should not benefit the PSM [Socialist Labor Party] of Mr. Verdet. You have succeeded in nine months in becoming a party with parliamentary representation. Where did you get those parliamentarians, from the FSN?

[Cornescu-Ring] Our parliamentarians come from all areas: two from the ecology area, two or three from the FSN, one of them from the PSDR [Romanian Socialist Democratic Party] (Cunescu), one or two from the Social Democratic Labor Party, and one more from I do not know what party.

[Micsan] How did you attract them? Did you buy them?

[Cornescu-Ring] Sir, either one or the other: either I am a good businessman and do not squander money, in which case I would not buy them—assuming they were for sale—since this parliament has a life span of just two-three months more; or I am a stupid businessman and, in that situation, I would squander money.... Now, sir, I did not buy them... They came to me on their own, fully aware of what it is that I want to do for this country.

[Micsan] At an electoral meeting of the Democratic Convention at the Palace Hall, Mr. Campeanu teased you about the bread oven you promised the miners of the Jiul Valley. What do you think of Mr. Campeanu?

[Cornescu-Ring] The PNL [National Liberal Party] leader promised 20 billion lei for the Jiul Valley. I was there a week ago also, and did not promise 20 billion lei but rather bread, meat, sausage, and all the other necessities of life. Today my people are again traveling through the Jiul Valley, and the first trucks loaded with everything I promised, plus color television sets and other goods, will be leaving in that direction.

[Micsan] Mr. Campeanu is behaving in a strange manner: On the one hand, his people are part of a republican government, while, on the other, he proposes a referendum on the form of government, implicitly contesting the present form and favoring a monarchy.

[Cornescu-Ring] My opinion, in broad outline, of Mr. Campeanu is good, in the sense that I am convinced he is doing everything possible to push the country toward democracy as quickly as possible, even if occasionally he makes the same mistakes as I, probably out of a desire to move faster. As far as the monarchy is concerned, several months ago voters approved the Constitution. On its first page it is stated that Romania is a REPUBLIC. Mr. Campeanu also participated in all phases of the preparation of that constitution, and, as a true democrat, I presume that he also accepts the will of the voters. *Vox populi, vox dei* [The voice of the people, the voice of God].

[Micsan] You have another party, it seems, the Entrepreneurs Party. Does it still exist?

[Cornescu-Ring] Of course; it won a council seat in the local elections. Its membership is small but devoted—it has gone up to 7,000 members. The Entrepreneurs Party has the same problems as Mr. Surdu's PDAR [Democratic Agrarian Party of Romania]: It has good men but not many.

[Micsan] You have stated that the electoral campaign cost you 2 million lei. Are you satisfied with the results of the first ballot?

[Cornescu-Ring] We put up 109 candidates for mayor and 1,100 candidates for councilor. We did not achieve such spectacular results as the Romania Mare Party, but we have, after the first ballot, 63 councilmen elected (about 6 percent) and eight mayors. That is a satisfactory beginning.

[Micsan] One last question: How is the bread oven doing, is it producing?

[Cornescu-Ring] The bread oven that I am offering the Jiul Valley will be the property of the local unions. And it will produce.

[Micsan] Yes, I remember, along with bread your oven will produce meat, sausage, and color television sets. In conclusion, Mr. Cornescu, for the second round of local elections will you join the alliance of patriotic forces forged by the PRM with the support of the PDAR?

[Cornescu-Ring] I still do not know. I have to analyze the situation. For the moment I do not know if it is in the interest of the PSDRT to have an alliance with the PRM.

Severin Urges Political 'Extremism' Curbed

92BA0654B Bucharest ADEVARUL in Romanian
4 Mar 92 pp 1, 2

[Article by Adrian Severin: "The Current State of Political Extremism"]

[Text] Every period of crisis, regardless of the cause, has been characterized by the appearance of extremist parties. The postrevolutionary crisis of transition through which Romania is passing is no exception to the rule. Over the last year we have witnessed the appearance and gradual development of political extremism. The virulence of extreme groups, their aggressiveness, the perseverance of their penetration of the masses through manipulation, calumny, lies, and diversions have intensified with an almost sudden rapidity.

A democratic regime must grant free expression to all political groups regardless of their orientation, color, and accent. In this context no ideology, including the Communist one, can be prohibited.

On the other hand, we should note that extremist political groups are not part of our democratic organism, but rather represent a sickness of that democracy, which, if it gets worse, can kill it. Extremist parties and political movements use democratic rights only to obtain the power necessary to refuse others the exercise of similar rights. Therefore, we can state that in a democracy we can and must allow the free expression of all ideologies, with the exception of those that would put an end to democracy. There can be no compromise or conciliation with extremist ideologies; tolerance toward them is suicidal.

It is true that there are extremist parties also in countries with long traditions of democracy. But there such parties are immediately isolated by democratic forces, and state institutions do not hesitate to act quickly against those who challenge the constitutional order, or who instigate such actions or create an intellectual atmosphere favorable to such developments.

When speaking of such extremism we must first mention nationalist-chauvinist movements as well as racist, anti-Semitic, or xenophobic ones, which are, in fact, variants of the first type.

Chauvinist nationalism is a grave threat to the future of Romania. It produces a permanent state of tension and conflict, of political instability that in its turn leaves economic stalemate in its wake. In the regions affected by nationalist suspicions, economic and political reform proceed with difficulty because everyone is afraid that it will change a supposedly precarious equilibrium between Romanians and minorities, and between Romanians and foreign partners, leading to ruin for one and all. Fear nourished by demagoguery, intrigue, suspicion, and the exacerbation of old enmities are again proving to be a terrible instrument for manipulating honest people. Racial hatred, anti-Semitism, and chauvinism are today, as at other times, instruments of diversion used by those who want to reintroduce dictatorship, who are trying to deflect the attention of the citizenry from the fact that they lack concrete and constructive solutions to the crisis.

Equally grave is the appearance of militant neo-Communism. Its supporters, using the same methods of political diversion, try to capitalize on the dissatisfaction of people confronted with the problems of the transition, in order to glorify, explicitly or implicitly, the virtues of dictatorship. This militant neo-Communism acts against democracy, urging state control of property and advocating hierarchism and class struggle, setting people against one another, creating tension and instability, and inciting violent street action as a solution to social problems. Acts of violence and the assault on democratic institutions incited by some so-called union leaders, among them some groups of miners in 1991—as well as earlier miners, when they replaced legal institutions with their own authority—are the palpable result of destabilizing actions of this political extremism. They have set Romania back approximately one year in the transition process.

One specific phenomenon of the current Romanian scene is the fusion of the extreme right and the extreme left into a kind of national Communism that brings together the worst elements of each movement. Thus, the extreme right has renounced elitism and taken over parts of the theory of the dictatorship of the proletariat, while the extreme left has abandoned internationalism in favor of chauvinism and anti-Semitism. The subcultural ideological expression of this unhappy novelty is found in journals such as EUROPA and ROMANIA MARE, among others. The apostles of this perfected extremism do not shrink from calling for military dictatorship, economic control by the Army and party activists, the revival of the Securitate, and the physical extermination of democratic statesmen or of members of certain national and confessional groups. In a similar way, extremism cuts across nationality differences. Romanians as well as minorities share the same language and

the same objectives, and the excesses of the one group sustain the excesses of the other.

This does not mean that certain political parties should be prohibited by law, since that would make the existence of one party dependent on the political forces in the majority at a given moment in parliament, which would be undemocratic. But it is necessary that all democratic parties collaborate on the adoption of a law defining political extremism and antidemocratic activities that are inadmissible in a modern nation of laws. Such a law would sanction severe punishment, including the prohibition of public actions, for all those groups that by their deeds threaten our new constitutional system.

Judicial reform will have to guarantee the firm application of such a law.

New Nationalist Party Led by Munteanu Under Fire

*92BA0662A Bucharest TINERETUL LIBER
in Romanian 22-23 Feb 92 p 2*

[Article by Marius Stoian: "The Movement for Romania—A Party With a Nationalistic Bent"]

[Text] The attempt to adapt Romanian nationalism to the patterns of modern European democracy is like walking on a knife's edge. First because in the given conjuncture it is difficult for the public to decide where the boundary should be drawn between nationalism and democracy; second, because primitive nationalism, practiced by ambitious dilettantes who exploit an alienation generated by poverty and hardships and by a seemingly "open horizon," did nothing but compromise an idea and make it into something vulgar and in the final analysis, incompatible with the democratic system. The two reasons flow one from the other and reinforce the belief that we Romanians are capable of confusing any criterion and compromising any idea. But the awareness of being a Romanian has little in common with the "pride of being a Romanian," circulated by those who feel nostalgic for communism. "Romanism"—the particular case of positive nationalism—is not a priori opposed to, let us say, "Hungarianism" and does not relate to it by a dialectical correlation. We are not more Romanian in areas also inhabited by other nationalities in order to thus demonstrate some hypothetical superiority. "Romanianism," as it is called in the modern version, must incorporate the "art of coexistence" and exclude any dominating or oppressive instinct. I have had frequent opportunities to write about nationalism and the danger of repeating myself is imminent. One aspect, however, from my last Saturday editorial deserves to be noted: The path followed by the current Romanian nationalism will inevitably lead into a cul-de-sac, namely to having to choose between democracy and dictatorship. Enough declarations by nationalist leaders have contained veiled references to the opportuneness of returning to a "strong-hand regime." By virtue of the situation, the emergence of a party designed

to rescue the idea of nationalism is becoming a much more acute necessity than we initially thought. Such a party is already prepared to enter the arena. This event is even more worthy of attention as its birth certificate is signed by a youth political movement.

Toward the end of last fall our newspaper carried a survey regarding the chances that a possible youth party would stand. At that time, there was no decision to establish such a party. Since the initiative was meant to go from the lower ranks to the higher, the questionnaire featured the options by which the party was to operate. I am referring to the choice of a political doctrine. Of course, the several hundred letters received are not relevant from the viewpoint of a sociological study. However many white swans you may count, as Popper would say, the conclusion that all swans are white is hasty. But by examining the component characteristics we may deduce that the color in question is specific. In our case, we may say that it is somewhat specific. The young people saw two points of reference for such a party: Christian and national. As the perennial agent of social change, the youth is rarely wrong in reading the future. The youth, however, is a social, not a social-professional category. In the terms of political analysts, the question was formulated as follows: Is it necessary to create parties upon the infrastructure of other criteria than strict doctrine? Is that not an attempt to divide the society, calling forth not at all negligible consequences? What objective interests do a medical student and a lathe worker share? The answer requires a more extensive discussion. However, without going into detail, I want to recall that contemporary political science defines a party other than by relating it to the interests of a social-professional group. The primary consideration seems to be a common political goal. The aspects overlap only at first glance. On the other hand, the successful experiment of FIDESZ [Federation of Young Democrats] in Hungary, which riveted the attention of Western observers and youth and won favorable comment, constitutes an additional argument in favor of this idea. FIDESZ currently has a substantial group in parliament. The Movement for Romania (MPR)—because that is our subject!—and FIDESZ may not be identical, but they are comparable. They differ in structure, political line, and limits of access—MPR being open to everyone, while FIDESZ is open only to people under 35—but they are similar as a type of experiment. Another thing: The failure of the youth to turn out for the local elections may betray the fact that they are waiting for a political party that will indeed represent them.

The recent interview given for the independent television station SOTI by Mr. Marian Munteanu—the MPR spearhead—contained a few new assertions that shocked. The former University Square student leader, a controversial political figure whose path has been meandering, partially smashed his own myth when he clearly declared that he had allowed himself to be led astray by certain political forces from the shadowy back scenes of the University Square phenomenon. He was willing to

reveal, even in the pages of GAUDEAMUS—UNIVERS STUDENTESC the network of interests that endeavored to exploit the sincere protests of the students. Mr. Munteanu's step, his second after splitting from the Civic Alliance at the time when a segment of the latter was turning into a party, indicates a break with the past by a summing up designed to avoid a repetition of the same mistakes. Equally surprising was the position adopted by the MPR leader toward the PUNR [Romanian National Unity Party] and the Romania Mare Party. Without accusing them of anything, he limited himself to saying that the parties in question feature a distinct treatment and have a different background. His statements must be considered from a political angle. As a developing politician, Marian Munteanu realizes the inability of the public to distinguish between positive and negative nationalism. To harshly attack Romania Mare's method of action would have left room for the interpretation that this was a veiled attack on the idea, which would have produced the opposite effect. At the risk of compromising himself in the eyes of the other camp, the MPR leader, however, is launching the landmarks of an Eminescu-type nationalism. The concept of national-democracy is rooted in the writings of Eminescu, Iorga, Eliade, and Tutea and is steering toward a precise target: Eliminating the complexes of the young Romanians toward their colleagues in the West. Is this the best path? We will see when we come back with the platform-program. But we cannot end without calling attention to one danger: A slide into extremism would be tantamount to a disaster, and a balanced policy within the perimeter of this extremely difficult issue is also extremely difficult to achieve.

Bucharest District Mayor-Elect on Future Tasks

92BA0662C Bucharest *TINERETUL LIBER*
in Romanian 7 Mar 92 p 6

[Interview with Nicolae Bazoi, mayor of Bucharest Fifth District, by Mircea Florin Sandru; place and date not given: "We Are Reorganizing and Working on the Town Hall Structure"]

[Text] [Sandru] Mr. Bazoi, how were your first few days at the town hall?

[Bazoi] Difficult. Although for the time being we have not been swamped with people, because we are reorganizing and we asked all those who sought us out to register for appointments as of next week, because we want to first settle matters of internal operation. Moreover, in the first few days of this month, together with the Bucharest City Hall we are implementing some urgent measures. March will be the month of general cleaning in Bucharest. A massive, general cleaning out, not in segments. Along this line, we decided with Mr. Crin Halaicu how much fuel and lubricants we need; these supplies that our district needs are already here for the entire capital and have been resolved. You will see, by next week we will be in full gear with our general cleaning and the whole aspect of the city will change.

[Sandru] That means that you will synchronize your actions with the other city districts?

[Bazoi] That is what I meant to say. Since all of us mayors belong to the Convention, we form a team, led by the mayor general. All actions are taken by consensus and we work very well. As I was telling you, we are now reorganizing and working on the organizational structure of the town halls. Each district is mapping out its own organization and in a few days' time we will meet with the general mayor to decide on a common one, so that there should be no discrepancies. Of course, the scope of given services will differ from one town hall to the next, but the structures will be the same from the viewpoint of the issues they will handle.

[Sandru] What are your first impressions after your contact with the inherited city hall structures?

[Bazoi] I have had meetings with people from every city hall service. I have noted very serious situations, in the sense that the same old, communist structures of excessive centralization are still in place. I will give you a few examples. The commercial premises in our district are allocated by the capital City Hall. That is an anomaly. We have our people draw up the complete documentation but the municipal City Hall has to approve it. That is not right. We must be in charge of allocating these premises in our district. In charge of housing is ICRAL [Enterprise for Housing Construction, Repair, and Administration], but everyone comes to me. That is another anomaly. For instance, ICRAL lets me know about available apartments or rooms; I allocate them; and when the people go to draw up the documents, they find them occupied, because ICRAL already allocated them to someone else. ICRAL itself, or however it will be called, is an anomaly, and we talked to the general mayor (who controls it) to have it under the control of the district city halls, too, so that we should also have a say in housing. Another abnormal situation is that we do not have our own bank account. I was amazed. After all, we have a revenues account and a local budget. The account, however, is replenished by the financial department only when they feel like it. That is not right. Their revenues are almost all paid into the state budget. If we, the city hall, request something, they give it to us, but we have to beg.

[Sandru] What can be done?

[Bazoi] We must have a city hall account. The chief accountant of the Municipal City Hall told us that we can use the account of the local budget, but that is not right, we must have our own account. Moreover, the taxes, dues, and fines also go to the financial department, and if they feel inclined, they give it to us, if not, they do not. Last year the fines totalled 1.5 million lei, but not one leu made it to the city hall. Another thing I noticed has to do with the issue of the Land Stock Law which I, since I became mayor, view as one of our priorities, now that spring is here. I am, of course, referring to city lots. About 15,000 applications have been filed, of which it

was decided that about 1,000 persons were entitled to receive deeds. The tables with the names of those citizens have been lying about at the Municipal City Hall for over four months. That is not right either, it is another example of excessive centralization. We talked to Mr. Halaicu and he promised that within two to three days we will receive the tables approved, after which issues connected to the Land Stock Law should be resolved by the district. There is also another problem, regarding construction permits, which are issued at the end of a bureaucratic chain that is so involved, it horrified me. When the people in charge of urbanization in our district showed me how many documents a person needs to draw up to build a house, I was perplexed. That is why people build houses without authorizations, which leads to trials, discussions, demolitions, etc. A person should be able to file an application, present the plans, and that is about it. In Bucharest, for example, only P+ 1 [presumably ground and first floor] houses may be built. That, too, is an anomaly. Not everyone has the means to build a two-story house. It is not right that anyone should dictate to a person in his own backyard. We still have the same mentalities as in the communist period. But we will certainly change them.

[Sandru] Is the fifth district a problem area administratively?

[Bazoi] It is an extraordinarily difficult district. It incorporates a central zone as well as peripheral zones, which are experiencing enormous social problems. The Ferentari neighborhood, for example. It may be worth recalling that when I was installed I had a talk with the

chairman of the Gypsies; in fact, one of their representatives is a member of the local council. I promised them that I will attend one of their meetings to discuss their problems. I am convinced that the Gypsy leaders can have a positive influence on their community. I will assist them and I am positive that the situation will overcome the critical point at which it is now.

[Sandru] What will you do about unfinished buildings?

[Bazoi] In the fifth district, too, there are a large number of simply abandoned constructions. Unfortunately, they do not depend on the city hall, but on ICRAL or DGDAL [Central Directorate for the Construction of Social-Cultural Housing and Housing Administration] and on the capital City Hall in the final analysis. We must talk to the general mayor about either taking them over or having a modicum of control over them. There are solutions for completing such constructions. There are businessmen who would like to purchase these unfinished buildings, finish them, and either utilize them for offices, or sell or rent them as apartments. That would be very good, because the housing situation in the fifth district is very serious. Currently there are about 8,000 unresolved applications.

[Sandru] Do you rely a lot on the support of the groups that propelled you to the mayoral seat?

[Bazoi] Certainly. As I told you, we, the district mayors, together with the general mayor, form one team. We have felt this mutual closeness ever since the beginning of the electoral campaign. And, of course, we have on our side the component parties of the Democratic Convention, which will fully support us.

Outcome of Brussels Conference Viewed

92BA0707C Belgrade NARODNA ARMIJA
in Serbo-Croatian 10 Mar 92 p 55

[Article by Dr. Ranko Petkovic: "The Brussels Labyrinth"]

[Text] On the basis of the work done so far by the Brussels Conference on Yugoslavia, the present situation and balance of power in Yugoslav space, and also the elements which indispensably have to be established and reconciled if there is to be a comprehensive solution to the Yugoslav crisis, it is possible to answer the question of what will be the main topics and points of dispute in the later proceedings of the Brussels Conference.

In the work done so far by The Hague and Brussels conferences, two "effective" moves have been made that have demonstrated that its organizers, that is, the powers that stand behind it, believe that it has a "coercive mandate," which similar international conferences have not had. First, they have recognized Croatia and Slovenia and announced that they will also recognize Macedonia and Bosnia-Herzegovina, although their possible recognition, by the nature of things, ought to be an integral part of the comprehensive agreement to resolve the Yugoslav crisis. Second, they have adopted a decision on economic sanctions against the so-called uncooperative republics, Serbia and Montenegro, although it is well-known that only the United Nations legitimately "uses" economic and other sanctions.

The Battle for the Yugoslav Option

The question arises whether the Brussels Conference will retain that "coercive mandate" or will turn into a conference making decisions exclusively with consent of all the interested parties? The first assumption is that the powers that stand behind the Brussels Conference, the members of the European Community, will not want to consent to turn it into a conference offering good services, whose outcome depends exclusively on the principals in the Yugoslav crisis, but will retain it as an instrument for resolving the Yugoslav crisis on the basis of their own views and interests.

Should that be the case, we might expect there to be quite considerable disruptions in the work of the Brussels Conference, because it can be assumed that Serbia and Montenegro will not want to accept decisions contrary to their views and interests.

The second assumption is that the powers that stand behind the Brussels Conference, the members of the European Community, because they have already demonstrated the extreme means which they can use in resolving the Yugoslav crisis, satisfied or dissatisfied with their effect, will endeavor with more flexibility, and that means with more initiatives and measures as middlemen, and less coercive initiatives and measures, to make their contribution to finding an all-inclusive solution.

An advance indication of such a change would be removal of the economic sanctions against Serbia, but

still more agreement that the option of those who favor Yugoslavia's continuity and status as an international entity be seen as at least equal to the options of those republics which have come out in favor of separation from Yugoslavia. In the end, the fate of the Brussels Conference will depend on that.

If the Yugoslav option should be accepted, then Serbia and Montenegro, as well as others that would favor it, have the political and legal opportunity to fight with all available arguments for its appropriate place in the all-inclusive solution of the Yugoslav crisis. In that case, the Brussels Conference would probably be protracted, but it would be on the road toward a successful outcome.

If the Yugoslav option were ignored or accepted only as creation of another new political and legal entity in the Yugoslav space, in that case for Serbia and Montenegro to advocate recognition of Yugoslavia's continuity and existence could be considered "uncooperative," and there could be a further complication of the situation and probably a breakdown of the Brussels Conference.

The Stumbling Block

Protagonists of the "hard line" in the ranks of the European Community assume that their economic and political power is such that they cannot only arbitrate, but even impose their views and interests in the resolution of the Yugoslav crisis, suggesting to its principals that if they oppose the solutions they are advocating, they will remain outside Europe, but if they accept them, they will be received into Europe as associate members of the European Community.

Aside from that, there are three other major issues which the Brussels Conference will come up against:

- First, the question of the form and types of protection of ethnic minorities and ethnic collectivities;
- Second, division of property and debts, including possible compensation of war damage;
- Third, relations between the new state entities in the Yugoslav space, in particular the position of Bosnia-Herzegovina.

Following the meeting of James Baker, U.S. secretary of state, with his counterparts in the European Community, we can expect greater coordination not only among them, but also between them and the United Nations, with respect to the attitude toward and approach to Yugoslavia. This could mean that all of them together, "with the carrot and the stick," would try to untie the Yugoslav knot as soon as possible.

Those principals in the Yugoslav crisis who do not want to accept the solutions imposed by the European Community can count on various political, economic, and other reprisals, but they can hope, with or without basis, that in case of a collapse of the Brussels Conference, the

United Nations will take over the role of seeking a political solution in Yugoslavia.

Slovene National Security Policy Debated

92BA0657B Ljubljana DELO in Slovene 7 Mar 92
pp 20, 21

[Interview with Slovene Defense Minister Janez Jansa, Finance Minister Dusan Sesok, parliamentary committee chairmen Janez Kopac and Peter Bekes, and Prof. Anton Bebler by Miran Lesjak; place and date not given: "The Patriots Have Become Misers"—first paragraph is DELO introduction]

[Excerpts] Slovenia's defense policy is spread between two documents. The first such document is the "Foundations for the National Security and Defense Plans," which the Republic Presidency adopted on 29 November 1991. The "Foundations" are a general, doctrinal document on the basis of which the Slovene defense system is to be developed in the future. The other document is the draft law on the budget. The first draft was rejected by the parliament, and the second draft proposes that funds for defense be reduced by 50 percent in comparison with the first one. Janez Jansa predicted when he heard about the proposal that the defense system would collapse if that proposal were adopted.

We tried to determine with our interlocutors what both documents mean for the development of Slovene defense. Defense Minister Janez Jansa, Finance Minister Dusan Sesok, Janez Kopac (Liberal Democratic Party), the chairman of the parliamentary committee on the budget and public finances, Peter Bekes, the chairman of the parliamentary commission for overseeing the legality of the work of the Security and Information Service, and Dr. Anton Bebler, a professor at the School of Social Sciences, spoke at our roundtable.

To start with, we asked Minister Jansa for an explanation of what the "Foundations for the National Security and Defense Plans" generally represent.

[Jansa] The "Foundations" not only define the military aspect of national security, but also define the goals of national security policy. The basic goal of this policy is to ensure the greatest possible security, and to protect and defend the autonomy, independence, and territorial integrity of the Republic of Slovenia, the constitutional order, and rights and freedoms, and, of course, to protect peaceful social and economic development. This cannot be achieved by military means alone, but rather by an entire set of different policies, in which the military aspect is something that comes into consideration at the end, i.e., when the other means have clearly failed. Other institutions were also included in the preparation of this document. The government agencies that participated were the Foreign Ministry, the Interior Ministry, and the Ministry of Justice, and the Presidency especially participated in the final formulation of the "Foundations," and gave them their present form and content. The

"Foundations" are not legal norms on the basis of which competent bodies would carry out their legal obligations, but rather several general agreements that we who prepare the legislation have to take into account. This means that this did not take away any of the parliament's decisionmaking authority. The parliament has to pass all the laws and other acts that will arise on the basis of these "Foundations." And, finally: The "Foundations" are general answers to general questions. Even if we change the general answers into legal norms, we are still left with the other part of today's topic—the budget. How and when these legal norms will be put into effect depends on the material capabilities. Currently I can state that the greater part of both of the laws that the parliament has already passed is in danger.

[Lesjak] The "Foundations of National Security" represent a basis that reflects the Slovene state's defense philosophy. What is the Slovene state's budget philosophy like, and where can these two documents come together, that is, the law on the budget and the "Foundations of the National Security Plans"?

[Sesok] The social product also depends upon the economic situation in Slovenia. We have received clear instructions from the parliament about the scale of public spending in comparison with the social product, and therefore we had to cut our budget from 217 billion in the first draft to 171 billion tola. It is clear that we thus had to drop a whole series of items in other areas as well, and not just in defense.

The Finance Ministry is not involved in the content of other government ministries' work. The individual ministries are responsible for it. We only make sure that total budgetary spending is within the limits that we have agreed upon. We in the government thought that the total amount had to be higher, and that is why considerably more funds in it were allocated to defense. The parliament, however, later requested that we had to make substantial reductions in public spending, and thus in the republic budget as well. If we pass through the ministries, we can quickly determine that there was not much room in their items for adjustments downward. Half of the ministries have insignificant amounts allocated in the budget. Whatever we would change in them would not mean anything in the total, which has to go from 217 billion to 171 billion. That is why we had to cut back on the ministries that have a larger share. It is only in their case that adjustments can be made within the limits specified in the parliament, by reducing the funds.

[Lesjak] Where can you come together with defense?

[Sesok] The matter is simple. The parliament has to make a clear decision about what degree and what scale of defense Slovenia is to have. It also has to take responsibility for that decision. In my opinion, we cut too much from the planned expenditures for defense in this draft budget, but it could not have been otherwise if we wanted to fit into the figures set by the parliament. Previously we heard criticisms that we were giving too

much for defense, and now we are hearing criticisms that it is not possible to work within the framework of these figures. The decision is in the parliament's hands. If it is not able to decide what should be done about all these criticisms, it can still say that the limits for public spending are no longer, for example, 56 percent, but can also be 62 percent. Then it will be a completely different story.

[Lesjak] Since we have already mentioned responsibility—the defense minister has stated that because the planned funds in the draft budget are too low to ensure Slovenia's defense capability, he cannot take responsibility for it. Can you take responsibility for the kind of budget that you are offering? After all, it is very easy to attribute all the responsibility to the parliament.

[Sesok] The parliament decided that we had to cut the budget, and it also has to take responsibility for it. The Finance Ministry or the government certainly cannot take responsibility. In its first draft budget the government suggested how large it should be. I must say that then, with that budget, not all of the items were appropriately covered. Even then the funds were being reduced, but today the reduction is substantially even larger. I think that defense now has only one third of the needed funds available.

[Jansa] This budget was not proposed on the basis of the "Foundations of the National Security Plans," but rather on the basis of two laws that are already in effect and that were passed by the parliament. These are the law on military service and the law on defense and protection. They both define the tasks that we have to perform. The basis for calculating defense costs and needs is consequently only what has already been transferred from the "Foundations of the National Security Plans" into legal norms.

Since we have already found ourselves discussing the budget, it is probably not superfluous to cite a few comparisons at the very beginning. In 1990 Slovenia provided \$859 million primarily for the federal army, the same army that carried out the aggression. The total expenditure for our own defense and for what went to the JNA [Yugoslav People's Army] last year was \$327 million. This year, the new draft budget provides for \$228 million for our own defense, and furthermore it is necessary to establish a military training system this year, which did not exist last year. Last year we had 300 recruits in training, and this year we are supposed to have 15,000, if we were to train the entire contingent. Furthermore, we are one contingent late, i.e., the total is almost 30,000 recruits. Last year military equipment and weapons were exempt from the payment of taxes, but this year all of it is taxed. Last year, and even previously, refunds of personal incomes for the call-up of the reserves were covered by the enterprises or organizations in which the reservists were employed. Since 1 January, this has been an expenditure in the republic budget. By citing these facts, I am not trying at all to argue in favor of the defense items in the budget on the grounds of the

unstable situation in our vicinity. That is another story. The funds for the accelerated modernization of territorial defense were already crossed out of the first draft budget before the government even discussed it.

[Sesok] That is true.

[Lesjak] What you are saying is probably true. On the other hand, it is also probably true that the security situation in Slovenia and in its vicinity has changed considerably between last year and this year. Last year Slovenia was not an internationally recognized state, but today it is. In a way, it has been isolated from everything that is happening on the other side of its southern borders, and consequently I am interested in what Slovenia's security situation is like today. Judging by the "Foundations," their authors still see the sources of the military threat primarily to the south of Slovenia.

[Bebler] We heard that the Defense Ministry's request was not primarily determined by the external danger, and is not that dependent upon the current fluctuations in the external dangers lying in wait for us. This variable portion of defense is only partly present in the ministry's request.

We can only speak comparatively about the threat to us. In comparison with 1 July 1991, we are certainly incomparably more secure. We are also more secure in comparison with 25 October 1991 or 1 January 1992. In this case I am thinking primarily of the 2 January agreement, and I am thinking of the end of most of the hostilities in the neighboring republic. But because of what has happened in Bosnia-Herzegovina, we are less secure than we were a few days ago.

Consequently, we have to deal with fluctuations in the degree of current external dangers. As long as the issue of revising or transforming the former state that was called Yugoslavia into some other community or a number of states on this territory is not settled peacefully and by agreement, Slovenia will be exposed to possibilities of military interventions or other types of threats. I assume that this Balkan cauldron will not settle down before the end of this century. It is very likely that we will have to deal with various aspects of tension, and with various types of social conflicts, which will not necessarily be armed conflicts and turn into wars. From this point of view, we also have to take into account direct military interventions on our territory, and also the technologies that are associated with the air force, and possibly with the navy; a ground attack by organized and armed state units is less likely. This does not mean, however, that we would not have to deal with possible smaller interventions by armed groups that would not be state ones, but rather parastatal. It also does not mean that there would not be attempted illegal crossings of our territory by smaller groups of armed people, increased smuggling of weapons, drugs, and everything else, occasional violations of our air and sea space, etc.

[Lesjak] Does this mean that the parliament—even if it accepts the Defense Ministry's arguments this year—will

also have to take into account the potential external danger in determining budget items for defense until the end of the century?

[Bebler] For some time, perhaps for decades, we will also have to take this aspect into account, in accordance with our personnel, material, and technological capabilities. You have to have a certain number of people who are aware of how to handle this. We have to maintain this additional capability, which we could increase in a moment, in the most efficient possible way.

[Lesjak] With respect to the proportion of the funds that have been allocated for defense, is it possible to explain the relationship between the funds that are needed to establish the defense system of an independent state, and the funds that are needed to thwart an external danger? As far as I am aware, the deputies in the parliament received confidential material from the Defense Ministry in which the ministry justified its financial requests for the budget.

[Jansa] Look, these things cannot be separated. First of all it is necessary to establish the foundations of a peacetime defense system, and then to keep building on those foundations. If those foundations do not exist, then nothing will help you! No modern weapons will help you if you do not have soldiers trained for them, who know how to use them. The draft budget funds that were proposed and rejected concerned precisely the establishment of a peacetime defense system, i.e., from the very beginning we were aiming for the minimum and renounced funds that would possibly have reduced the risk, in view of what the situation in our vicinity is like now. These things clearly have to be planned in advance. In a way, the parliament is deciding whether Slovenia will have a military service obligation or not, since if there is no money for outfitting training centers, we will not be able to implement a military training system. For five years Slovenia will not have soldiers who could be assigned anywhere, and during this transitional period of five years it will not be able to ensure the necessary combat readiness with reservists, either. Each reservist also has to be paid for the day that he has spent in a military unit, and at the same time his enterprise has to be reimbursed for the lost wages. If you add it all up, he costs us just as much as a soldier in regular military training, but you do not accumulate the military knowledge that is needed for establishing a certain number of people liable for military service whom you can enlist when necessary.

[Kopac] Regardless of all this discussion, the budget limitations are economic in nature. Slovenia simply cannot afford any sort of really large-scale public finances. The social product is declining. The volume of public finances is constantly growing, if the level of financing is taken from the previous period, when things were good or even better than today. It thus happened that in the first, rejected draft the desires for financing were so great that more than one social product would be needed just for public finances. When this thing reached

the parliament, after the government had cut it a little, the volume of public finances amounted to 70.5 percent of the social product.

The parliament is not competent to discuss whether it is necessary to reduce or increase an expenditure by so many millions with respect to the purchase of specific military equipment. The parliament would be laughable if it discussed the individual items. Its goal is an overall one: i.e., it has to be concerned with the total volume of public finances in the social product, and in the gross domestic product. The parliament did this after discussing the first draft republic budget, and specified a limit, which amounts to 56 percent of the social product. Of course, we talk about the budget all the time, but we have to be aware that all sorts of things come under public finances, and not just the budget. The government is responsible for all of it.

No matter how much we assert that Slovenia needs a strong defense that would guarantee it a high degree of security, we have to face the fact that there is no money. The first draft budget was based on completely unrealistic numbers regarding budgetary revenues. That is why it was impossible to finance it, and that is also the reason why the parliament rejected it. The second draft has slightly more realistic estimates of budgetary revenues than the first one, but it will still be difficult to finance it. Not one of the Defense Ministry's tasks was left out of the second draft budget, however. They were all left in; it is just that they will be financed on a smaller scale than originally planned. This means that not a single part of the mechanism for ensuring security has been eliminated. [passage omitted]

In the new draft budget, defense represents 1.9 percent of the gross domestic product, which was estimated to be 688 billion tolar for 1992. In comparison with other states, we are somewhere in the middle. It is more than in Austria, less than in Finland, more than in Ireland, less than in Sweden.... [passage omitted]

[Lesjak] I assume that people will not start building the defense system this year, that is, when the budget is adopted. At the same time, I assume that the ministry has been building the defense system ever since the elections. Is it possible to say how much of the system the ministry has already set up at this time? And can you say how you used the budgetary funds from last year? Does the Finance Ministry have any reports on this?

[Jansa] According to the data that we gave the parliament, last year our ministry was supposed to receive 1.47 percent of the social product in 1990. For the sake of comparison, I can say that last year the police received two tenths of a percent more than our ministry, even though the police have already existed for 40 years and we were only emerging and improvising last year. Last year, part of the budgetary funds was already intended to prepare for military training, but because of the war, most of these funds had to be transferred for current expenditures. For that reason, not all of the preparations

needed for military training were carried out. After the war, we continued to receive, and are still receiving, bills sent by opstinas, enterprises, and in short, everyone who participated somehow in the war on the basis of legal obligations. Now they are billing us for it. [passage omitted]

In explaining the requirements for this year, we also gave a report on last year, to the extent that it was even possible to prepare one. According to that material, the budgetary funds, 3 billion and 668 million toalars, were used in accordance with the intention specified in the law on the budget. By 15 November, when we prepared the report, our ministry also realized 369 million toalars in other revenues. This was mostly from the sale of medical materials, and the rest was from the revenues of the republic center for defense training. In general, this is the report on the use of the funds for last year.

In connection with the criticisms that we worked without oversight, it is necessary to state that these are very broad criticisms. The only exception that was made in our ministry was that contracts for the purchase of weapons and military equipment for over a million toalars did not have to be submitted for additional inspection before signing. Obviously I could not give contracts for the purchase of certain equipment—for instance, those that came two days before the war—to some official at the Finance Ministry, because a danger existed that the JNA would get them in one way or another and we would have a scandal like the one with Speljelj. The government, however, canceled this exception the same month that Slovenia received international recognition. Today the same procedures as for all the other government ministries apply to us.

[Bekes] I would like to go back somewhat—to the very issue of the plan for national security and defense. I view this system as a whole in a policy of strategies in all areas, which have to supplement and support each other. In addition to a strategy in the narrower security-defense area, I would also include at least a strategy for international relations and a developmental strategy. We can save all sorts of defense expenditures by establishing an appropriate network of relations in our immediate vicinity, and also in the broader European area, which has already been in the process of integration for some time. The question is how Slovenia will succeed in including itself in European collective security systems, and at what pace. The more we achieve in the area of integration into those systems, the lower our defense expenditures would have to be.

The developmental component is also important. Specifically, the practical aspect of international relations is that the world is more interested in an individual state to the extent that it has more real interests involved in it. Obviously we do not have oil, and consequently we have to occupy production niches that will establish us in international trade as an interesting and important partner in the chain of international relations. The parliament's dilemma is how to achieve a balance

between the state's developmental strategy and its direct defense strategy. After all, we know of large, strong armies with modern weapons that collapsed without an external enemy, as a result of internal instability.

[Lesjak] And I would like to point out one more factor—actually, I would rather ask a question. Slovenia is a small state, and there are probably technological limits that protect us from large defense outlays precisely because of our smallness. Specifically, there are modern technologies that are only effective over large areas. Slovenia will probably have to seek military systems that can be used in small areas, in which everything can happen in a few minutes.

[Jansa] As a rule, such systems are very expensive.

[Bekes] That is why the alternative of alliances is important. Slovenia has not yet decided whether it will be neutral or join a military alliance. Slovenia has not yet said anything definite about which European association it wants to join, except for the CSCE. We are most poorly prepared in the area of development strategies. I spoke up because I feel the lack of a coordinated approach by the government. I am asking the following question: Are you in the government preparing the triangle of defense, international, and development strategies in a coordinated manner?

[Jansa] That question should be addressed to the prime minister.

[passage omitted]

[Bebler] It is true that something happened in the past year, which we could describe as the construction of new elements in the European collective security system. With the announced arrival of UN peacekeeping forces in our immediate vicinity, these are positive new developments. We should not forget that Slovenia was able to survive with substantially reduced defense expenditures in comparison with past years. This can be documented. The least that we can say is that our security situation has not deteriorated: With substantially lower expenditures for defense, we had the same or even a slightly higher level of security. Thus, we survived....

[Sesok] Because we were intensively sending money down....

[Bebler] Among other things. We were also able to survive, however, because the process of Slovenia's integration into Europe was under way. We had security benefits from this. We also have to look at the other side of this coin: All of these developments happened because the system that functioned previously did not protect our region against armed violence and war. We are stretched between positive and negative trends, and this will last for a long time. It is true that we can also raise the level of our security through foreign policy and international economic ties, and thereby become part of that world which in a way indirectly offers us security. We have to be aware, however, that our possibilities for increasing

the level of our security through foreign policy instruments are limited. These are the possibilities of our joining in some way any of the organizations existing today, establishing indirect ties with NATO—in the way that Poland, Czechoslovakia, and Hungary are thinking about—or establishing ties with that group of Central European states. We should not forget by any means that any of these alternatives may even increase our defense expenditures! The idea of neutrality is very attractive, to be sure, but in many cases it could likewise mean an increase in our defense expenditures. I see a much greater possibility for a long-term reduction in the relative defense burden on the Slovene economy in acceleration of economic development, greater inclusion of Slovenia in international economic flows, and a larger presence of international technologies, capital, and traffic on Slovene territory. For security reasons, we can go quite far in this direction, but we will run into obstacles of a political nature. To what extent are we, as a society, prepared to accept ownership by foreigners on our territory, or the participation of foreign capital in Slovenia? In the security respect, the presence of foreigners in Slovenia can be very beneficial to us. It is beneficial to have citizens of Germany or Italy here. In security terms they are hostages, not hostages in the crude meaning of this word, but rather hostages in the sense that they help us to protect ourselves against a possible military incursion.

[Lesjak] Since Slovenia still does not have a definite foreign policy strategy, it has not been decided whether it will be neutral or enter into military alliances with other states, and it has not been decided which European associations it will join and in what order—on the basis of all this, is it possible to say what the Defense Ministry's plans for this year include? What is the concrete basis for your dissatisfaction with the proposed budget item?

[Jansa] We have three priorities. The first is maintaining the defense system at a level that allows us a satisfactory defense. The second priority is establishing a system of military training, and the third priority is maintaining the system for protection and rescue. These are the three key tasks that we are facing, and that are specified by law. The question, however, is what to do if the situation becomes more serious. Bosnia does not have Istria, like Croatia, which put most of the refugees there. In this case multitudes of refugees will pass through Slovenia, and some of them will stay here. The state does not provide for this in the budget. The situation can also deteriorate in the sense that military actions in Bosnia will also spread to the territory of our neighbor or through it. We will be forced to improvise again. As long as General Bajic knows that he can fly several kilometers above Slovenia in peace, he will do it.

I am aware that certain constraints exist and that the economic possibilities have decreased. They have not, however, decreased fourfold in comparison with 1990, when we contributed almost a billion dollars for the JNA. Someone who has a low salary in the school system

or who works for an enterprise facing bankruptcy will probably not be enthusiastic about this. We have to be aware, however, that we can abolish the 1.9 percent of the funds for defense, but this will not essentially improve the situation. The solution is not in an across-the-board cut in budgetary expenditures, but rather in stimulating economic development. Our government has been making a mistake for two years now and waiting for us to be saved by long-term investments, for example in the development of science and technology. All states have started to invest in these areas only in the second phase, and first of all used money to stimulate rapid economic growth. We are counting on something that will only bear fruit in 10 or 15 years. Until then the systems that are necessary not only for development but also for survival can "expire." Even though I am a member of this government, I am also prepared to say this publicly and I also say this at meetings of the government. My colleague Sesok thinks the same way, but without success. It is necessary to define phases of development, not think about how to skip over any of them.

[Lesjak] If I am correctly informed, both of you ministers spoke again on Friday about the budget outlays for defense. What did you agree on, since Minister Sesok acknowledges that he drew a line and reduced budgetary outlays linearly for those from whom it was even possible to take something more away?

[Jansa] Excuse me, but this is the chief mistake. The reduction was not linear. No one in the parliament demanded that the funds for defense be reduced by 50 percent.

[Sesok] Six government ministries have a share in the budget of more than 10 billion tolar. Now let us agree on something: Do we take something away from the Presidency, which has 30 million tolar available, and this will not mean anything at all in the total? Even though we did not receive direct instructions to reduce defense outlays by 50 percent, it is completely clear that it cannot be done any other way.

[passage omitted]

[Lesjak] What will you do? It is clear that you in the government have not come together.

[Jansa] On Friday the two of us settled the current problems, and otherwise, on 27 February at a meeting of the government I requested that the planned budgetary outlays for defense be discussed once more. They did not accept the proposal, and that is why I sent a letter yesterday to the presidents of the Presidency and the Assembly, the prime minister, and the presidents of the parliamentary parties, in which I warned them about the consequences of this decision. I do not know how much it will help, but I would like to have things clarified before a final decision is made.

[passage omitted]

[Kopac] The whole problem of the budget, not just the part that applies to the Defense Ministry—the whole problem of public finances is that the government does not have one concept. It provides its own conclusions and proposals, which conflict with each other, and the parliament has to confirm this through inertia. Each government ministry acts on its own; it acts like a troop of more or less competent individuals, who are building their own houses autonomously, independently of the other government ministries. That, of course, is why Minister Jansa is establishing a complete defense system, the kind that he is convinced every national state has to have.

[Jansa] No, the kind that you adopted in the laws.

[Kopac] And let me also say this: This draft budget cannot survive more than two months. Its most important article, which the government is advocating the most, is the one that permits the revaluation of the budget. Revaluation means rebalancing the budget without the consent of the parliament. The government's main problem at this time is the law on temporary financing, in which there is no article that would permit revaluation. Thus, this temporary budget is the only real budget, because it is fixed. Toward the end of last year, last year's budget was revalued almost every two weeks. Certainly I believe that this prevents "dangerous conflagrations" and that there are pressures here and there, that strikes are threatened, but this is just not the way to manage a state!

[Bebler] It is necessary to find some reasonable compromise. I am making several proposals, which are worth thinking about. A financial drought is not always a bad thing, since sometimes it forces people to engage in rational conduct and thought.

The financial drought will probably last several years, and it is necessary to look at what the Defense Ministry can do at this time. First of all, it can appoint new officials in the entire defense system less intensively. I am talking about the whole state apparatus that is developing here. The numerical development has been extremely intensive, but has not been covered financially.

[Jansa] We only have 60 percent of the personnel assigned.

[Bebler] Let's say that. The next big item is military training. The law specifies six or seven months of training. The law, however, does not specify how the training is to be conducted. I propose that we carry out the training of recruits in our army in several parts. The initial training would last for two or three months, and additional, refresher training would be carried out during the next five to ten years. We would thus approach the Swiss model, and reduce military training expenses by approximately one half during the first year.

I am likewise not convinced that the transfer of expenditures—for example, refunds for training reservists—to the state budget is a sensible idea. I propose that we at

least think about the system that the Israelis have, in which these obligations are transferred to the social security system.

The third possibility is that until the legal succession is settled, the parliament could allow the ministry to collect rent on the real estate that was in the possession of the JNA.

[passage omitted]

Slovene Foreign Debt Problems Discussed

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[Article by Darijan Kosir: "Solidarity Again With the Billions?"—first paragraph is DELO introduction]

[Excerpts] One of the key items in Slovenia's economic normalization is also the settlement of Slovenia's foreign debt. Although all sorts of things in this regard depend upon the outcome of the discussion about succession to the late Yugoslavia, we could already solve part of this problem now with a sensible domestic strategy. Otherwise, it may happen that we will be charged with more of the debt than belongs to us, according to the facts that can be determined.

The problem of Slovenia's foreign debt can be divided into two basic groups: the debts or loans that were approved for entities or projects under the direct jurisdiction of the state of Slovenia (i.e., sovereign debt), and on the other hand, the debts whose final user is not known, or those which the federal government or the National Bank of Yugoslavia incurred at one time in its own name for the needs of the entire state, and which, after the collapse of the state, will have to be divided among the individual successor republics (the so-called unallocated debts). As we can see from the first table—most of the data were provided to us at the Financial Ministry by Sesok's adviser, Andrej Klemencic—the total Yugoslav debt is 14.5 billion U.S. dollars, of which the sovereign debt that can be simply divided among the republics is about \$11.5 billion (within this framework, Slovenia's debt is \$1.71 billion), whereas the unallocated debt is \$3.015 billion, and there will still be a great deal of discussion about dividing it up. According to some balance sheets, the total Yugoslav debt is exactly \$16 billion, i.e., \$1.5 billion more than we stated, but this is a difference that is a result of Yugoslavia's funds at the IMF; a member state can borrow 2.5 times more money from that organization than its capital contribution to the IMF, and the late Yugoslavia, of course, made use of this in both of the standby agreements. The distribution of this debt will take place within the IMF (as well as the distribution of rights, i.e., the capital contributions); consequently, we will leave this aspect alone for now. The amount of \$14.5 billion and the Slovene share in it, in the amount of \$1.71 billion, are not completely fixed either, since exchange rate differences with respect to the U.S. dollar, primarily against the German mark, are changing the situation in the debt account, and also the

accounting system at the National Bank in Belgrade is somewhat inaccurate, since in some cases loans approved by the World Bank, the European Investment Bank, and the IFC, but not yet drawn upon, were included in the debt. These loans, in Slovenia's case, amount to \$230 million, some of which Slovenia will also borrow, but not the rest of it. The current debt balance is consequently our own balance, which has not been completely coordinated with our creditors and with the others in Yugoslavia, but the changes may be minor. [passage omitted]

In this article, we will also not deal in particular with the opposite side of the foreign debt, i.e., the assets that ought to belong to Slovenia after the division of property, in which we include both the foreign exchange reserves and also foreign debts to Yugoslavia and clearing claims upon states with which we had that method of trade. These three items together amount to \$7.8 billion, a full half of the debt, but all three are very dubious and it is a question whether it will ever be possible to collect them at all, for various reasons. This will certainly be one of the sections of the inheritance talks, but it would be better if we forgot about any concrete benefit from all of this. Let us just note that the foreign debt to Yugoslavia involves loans and insurance claims (Jubmes), and out of the \$3.4 billion, a third has been legally extended for installment repayment, but from \$400 million to \$500 million is overdue for payment, and no one has rescheduled it. The \$2.5 billion in the foreign exchange reserves (as of 15 December 1991, the day when the National Bank paid the latest annuity on Yugoslavia's foreign debt) is the central bank's money, invested in commercial and central banks abroad, transferable securities, monetary gold, and also Yugoslavia's founding shares in international financial organizations. Because of the transferability of a large part of these reserves, it is certainly possible to reduce them during the next few months, even to the level of \$600-700 million, but not any more. Because of this possibility, Slovenia's political leadership has already been asking foreign countries for a long time now to freeze the transferable part of the Yugoslav foreign exchange reserves abroad. Slovenia, to be sure, has a counterargument in this regard: if the federation really does squander the foreign exchange reserves as of the initial date of 15 December 1991, Slovenia can reject the possibility of taking over the federation's debt that has not yet been distributed. [passage omitted]

Slovenia's Share of the Debt

As already stated, of the total Yugoslav debt of \$14.5 billion, \$1.7105 billion was used for entities or projects under the jurisdiction of the Slovene state. This (see Table 1) is an 11.8-percent share of the total debt, considerably lower than Serbia's (30 percent) or Croatia's (18.5 percent); thus, in view of the fact that Slovenia accounted for a third of the convertible exports in Yugoslavia, the Slovene debt is relatively very low. In order to service it, Slovenia would have to deduct 11 percent of its annual exports, as estimated by the Foreign

Ministry in the initial assumptions for succession. The structure of this debt (Table 2), however, is fundamental. It is divided into two fundamental parts: debts to official creditors (\$1.044 billion), and debts to private sources (\$666.3 million). We are including among the official debts the debts to world financial institutions (the International Bank for Reconstruction and Development, the International Finance Corporation, and the European Investment Bank)—a total of \$495 million—and debts to the states externally represented by the Paris Club (refinanced), and to governments and governmental organizations—regular debt (\$549 million for both). We are dividing the private debts into debts to commercial banks, which are externally represented by the American bank Manufacturers Hanover for the refinanced debts (\$461 million), and to other private sources—regular debt (\$205.3 million). This also includes short-term debts, which amount to somewhat less than \$9 million, and will be repaid soon in view of their nature (for six to nine months), since after the June war there were no longer any new loans for the Yugoslavia of that time (there have been new loans for Slovenia, of course). The total amount of debt also includes \$298 million in unrefinanced debt, including \$263 million in the Ljubljana Bank's medium-term debt; these are essentially obligations that arose for current credit transactions after 1988, and their repayment should not be a problem. Otherwise, Slovenia also has \$1.6 million in known debt from guarantees for import transactions (the borrower is an enterprise or an investor in the infrastructure, and the Ljubljana Bank is the guarantor), but the repayment of this debt should not be a problem either, unless there really is a chain of bankruptcies among the enterprises that obtained the loans, but in the background the Ljubljana Bank is still "alive" for now.

Consequently, the official debts (\$1.044 billion) are of fundamental importance, not just because they are almost twice as large as the private ones, but also because the settlement of the official Slovene debt, in many respects, will also influence the settlement of the private debt (more on this later). With respect to the official debts, the debt to the Paris Club is essential from all aspects, not just because it is individually the largest, but also because, judging from all our experiences, how an individual state handles its relations with that Club is of crucial importance for resolving the debt issue. [passage omitted] As stated, these are bilateral debt obligations with a clear and known final beneficiary of the loan (debt); for Slovenia, it amounts to \$292 million, rescheduled in the 1980's.

The situation with the debt to the foreign commercial banks is somewhat more difficult. According to the new financial agreement (debt refinancing) of 1988, the "obligees" (borrowers) of these loans are Yugoslav banks with great powers, including the Ljubljana Bank as well. This debt is identified and known, but this agreement includes a clause on the collective responsibility of the debtors, which means that it is theoretically possible for the debts of those Yugoslav republics which would not

repay them themselves to be charged to Slovenia, in addition to the known \$461 million (\$447.9 at the Ljubljana Bank) (under refinancing). This is a real danger, which, however, can be eliminated (more on this later). The principal of this debt is not due to be paid until 1994 (24 biannual installments until 2006); until then it is only necessary to pay the interest, and in the meantime the issue of the debt may already be settled.

How Much of a Share of the Federal Debt?

As already stated, the total amount of Yugoslavia's foreign debt, \$14.5 billion, also includes an item called the "federation's debt," in the amount of \$3.105 billion. These are loans that were borrowed by the federation on behalf of the government or the central bank, and the purchase of which was never exactly known. The structure of this debt is interesting: it has to do with approximately a billion German marks in a cheap (2-percent interest) loan to Yugoslavia in accordance with the Tito-Brandt agreement, which represents a short of German payment of reparations to Yugoslavia for war damage, but which was officially called "capital assistance" (perhaps one could still divide it up among the final beneficiaries, with a great deal of effort), and the rest consists of either consortium loans, World Bank structural adjustment loans, or loans to the National Bank for regulating monetary affairs. In the case of the latter, it really is impossible to find the final user, and it will be necessary to divide up the debt in accordance with an artificial key. In the above-mentioned initial assumptions, the Slovene Foreign Ministry proposes that the key for dividing up this debt should be equal to the key (percentage) used for the sovereign (known) debt, which would mean that 11 percent of the total of 3 billion belongs to Slovenia. Since it is hard to believe that such a starting point will be adopted—as one can already see from the numerous calculations being made in the West—and since the principle of adjusted gross product will probably be used in this division, we in Slovenia have to expect that a full \$600 million of this debt will belong to us, which, together with the \$1.71 billion debt already located, would mean that the total Slovene debt is about \$2.3 billion. This has yet to be dealt with in the succession talks, however.

What Sort of Approach to Settling the Debt?

The Yugoslav debt crisis broke out in the mid-1980's, and that is why the agreements on refinancing (rescheduling) the debt were concluded in the periods between 1984 and 1988; these were obligations from the loan agreements that were concluded before 2 December 1982 (the key date), insured by government institutions, and with a repayment period longer than one year. The last refinancing officially expired on 30 June 1989, when the first moratorium was adopted on repaying the principal of the debt, for a period of one year; in this case, because of Markovic's reforms, rescheduling did not take place at all then. We were supposed to begin repaying the principal of the debt again in March 1991, but the first installment was already canceled by the FEC [Federal

Executive Council], and when it was time for the second installment in June 1991, the government unilaterally, without the creditors' consent, declared a second moratorium, which even included the debts incurred after the key date of December 1982. The moratorium was only partially observed in Slovenia, since we made payments on the principal of the debt incurred after the key year of 1982, but a change occurred a few days ago (more precisely, on 1 March), when the principal of the debt belonging to Slovenia started to be repaid, and \$90 million of the unpaid principal was also accumulated. Here we have come to the key issue: was this decision to start repaying the principal a sensible move, and what sort of strategy do we even have for settling the problem of Slovenia's foreign debt, if such a tactical (operational) solution has already been adopted? In this case the answer is much more uncertain than in the case of the figures cited above.

With the last visit to Paris by a Slovene government delegation, and after the meeting at the headquarters of the Paris Club, matters have progressed somewhat, to be sure, but obviously not quite enough. As we were told at the Ljubljana Bank by Matjaz Jevnisek and Barbara Stular-Zmuc (the latter is also the LB representative in the Paris talks), the initial contacts have barely started. Slovenia has informed the creditors of its position, which is (first) that Slovenia will take over all of our unpaid loans that were used for entities under the jurisdiction of Slovenia, and (secondly) that it will not take over the loans for which Slovenia was an agent through which loans were obtained by other republics (the Slovene Finance Minister's adviser, Andrej Klemenčič, confirmed this for us). They did not reject this general position—they will discuss it soon—since it is also in the interest of the Paris Club that we republics of the former Yugoslavia reach an agreement on the debt as soon as possible. They also favor having the republics themselves negotiate bilaterally with the Paris Club, and recommended that the republics themselves mutually settle the division of the debt to the Paris Club. The initial talks have thus begun, and the Slovene side was not pushed into a corner from the very beginning.

That situation, however, is still far from the desired situation, i.e., from the conclusion of a preliminary formal agreement with the Paris Club, which, in the opinion of Dr. Janez Drnovsek, with whom we also discussed this subject, is the fundamental matter in settling the debt issue. In his opinion, it is even necessary to ask whether such an abrupt beginning of the new repayment of the Slovene debt principal was even sensible! On one hand, it is certainly good for Slovenia's image and creditworthiness, and for its access to financial markets (in the short term), but it is also necessary to be aware that nonrepayment of debt can also be a means of exerting pressure upon creditors to reach some sort of agreement. In the Paris Club, no one is repaying the principal at all; only a few are even repaying the interest, and in the meantime there have been large debt write-offs (Poland and Brazil). The people in Paris also did not

expect the Yugoslav republics to start to repay their debt, and they were prepared to trust at least Slovenia even more, in view of the fact that we were left without foreign exchange reserves. According to Drnovsek, this was a situation and an argument that Slovenia could have utilized in order to achieve an agreement with the Paris Club, after serious negotiations. The worst and easiest option, of course, was immediately repaying the debts without a prior agreement and division. And why is an agreement with the Paris Club so important? In the first place, because it regulates the relationship with respect to the largest single debt item; in the second place, because a settlement through the Paris Club would represent a precedent for the conduct of the commercial banks (usually finance ministers or the central bank governors even recommend this to their commercial banks); and in the third place, because without an agreement with the Paris Club Slovenia will not, under any circumstances, receive any new medium-term loans, which are essential for new investments and a new economic impetus.

The other aspect of the problem is consequently our approach to settling the debts to the commercial banks. In this regard, all our interlocutors (Jevnisek, Stularjeva, and Drnovsek) said that this matter was substantially more complicated. The negotiations through Manufacturers Hanover indicate that the commercial banks are adhering to the fundamental principle established in the 1988 agreement that the principle of solidarity applies, according to the system of a family credit card, which means that in the event that one republic does not pay its debts, another republic is responsible for them. So far these commercial banks have not yet indicated that they are thinking of abandoning this principle; this means that in a way, they are keeping Slovenia in check, something for which they have formal grounds. These banks also know who can pay what and who cannot. Dr. Drnovsek said that in his initial talks with the commercial banks about the Slovene debt they were very rigid; in the meantime, however, the situation has changed somewhat, but not much. The immediate repayment of the principal is not good from this standpoint either, since it can be one of the fundamental arguments for charging all the Yugoslav commercial debts to us—"Since you are able, pay it; you are formally responsible for it in any case." It is also for this reason that it is necessary to have an agreement with the Paris Club, which would then also give clear signals to the commercial banks that they should divide up the debt according to the same key as the Club's member states (altogether, the commercial debt represents \$4.5 billion within the structure of the total Yugoslav debt, and such a burden would also be a serious blow to Slovenia). In addition to an agreement with the Paris Club, Drnovsek also considers the second most urgent task for Slovene policy to be the conclusion of an agreement with the commercial banks that they would not also charge us with the other republics' debt on the basis of solidarity, but at the same time, one more activity could also take place: in the secondary debt market, it would be possible to buy up the part of the

Slovene debt that is for sale at a low price through LB securities—even though their price is increasing steadily in comparison with the prices of the other Yugoslav republics' debts. There is not much of this debt, to be sure, but it does not matter. The Slovene negotiating strategy should therefore be as follows: identify the debt, say what we are prepared to pay and what we are not, and on that level, conclude an agreement with both the Paris Club and the commercial banks; on that level, we have plenty of arguments in our hands as a debtor. This should be the absolute minimum that Slovenia would have to do in settling the foreign debt problem. Of course, the question is whether this minimum can be achieved at all—not to mention anything more than that—in the absence of a clear strategy and tactical grasp, and with the lack of coordination among the ministries that deal with financial affairs here, regarding which it is not necessary to waste words.

And, in the third place, it is only at this point that succession to the former Yugoslavia will come into play. It is now already a reality, established under the auspices of the EC, but the question is how much longer this discussion will last and what can even come of it. That is why the first two conditions, in our opinion, are agreements with the Paris Club and the commercial banks, and only afterwards the settlement of the succession, since it contains the premises that would already have been settled in both agreements (taking over the debt specified by republics, and taking over the same share of the unspecified debt as in the specified debt, and linking this item to division of the foreign exchange reserves). One of the essential things that would have to be achieved in connection with debts in the discussion of succession is the transfer of the latter within the former joint state, as a result of which the one really responsible for repayment is rather unclear: as Stularjeva states, the position of the former joint Ljubljana Bank's clients, branches, and detached units in the other republics is unclear (will they transfer to their own republics the part of the debt that they transferred from the LB system?), as well as the internal exchanges of the debt in the former Yugoslavia through the accounts of the national banks, and the assumptions of debts through early buyouts and assumptions of debts from overindebted enterprises by the NBJ. These are transactions that were carried out without the knowledge and involvement of the foreign creditors and without their formal coverage, even though they were coordinated with the NBJ and were legally valid within Yugoslavia; because of this, the above will have to be resolved during the succession process. As we have stated, however, this will be third in line.

In conclusion: The problem and the seriousness of the foreign debt is probably not a factor that would represent a great obstacle to the Slovene economic and financial system with a normal course of events; the problem of the domestic debt would probably be more acute than the foreign debt. Nevertheless, in the area of foreign debt the matter is just not so simple that we could abandon it to the course of events. If we

knew clearly what to do about the foreign debts, matters could be settled more easily; we have yet to prove this in our relationship with the Paris Club and

the commercial banks. In fact, if financial relations with foreign countries are not normalized, other types of relations certainly will not be.

Table 1: Foreign Debts of the Republics of the Former Yugoslavia, 30 September 1991

	Billions of dollars	Percentage
Bosnia-Herzegovina	1.4995	10.4
Montenegro	0.541	3.7
Croatia	2.684	18.5
Macedonia	0.687	4.7
Slovenia	1.7105	11.8
Serbia proper	2.958	20.4
Kosovo	0.657	4.5
Vojvodina	0.748	5.2
Serbia total	4.363	30.1
Federation	3.015	20.8
Yugoslavia total	14.500	
Foreign debt to Yugoslavia	3.400	
Net Yugoslav debt	11.100	
Foreign exchange reserves	2.500	
Balance of claims against clearing countries	1.902	

Table 2: Structure of Slovene Debt (in millions of dollars)

Long-term debt (as of 30 September 1991)		
	1991	1990
1. Debt total	1,710.5	1,814.0
—Not refinanced	298.4	217.3
2. Official creditors	1,044.1	1,140.9
—Not refinanced	212.9	155.6
a. IBRD	97.8	102.1
b. Eurofima	49.2	49.2
c. IFC	178.8	226.7
d. EIB	169.2	160.8
e. Governments and government institutions	257.0	280.8
f. Paris Club	292.0	325.4
3. Commercial banks	461.0	472.3
4. Other private debt	205.0	200.0
Short-term debt		
1. Lines of credit and deposits	8.7	19.2
2. Trade loans	39.0	42.8

Table 3: Slovene Annual Debt Obligations (in millions of dollars)

	Total	Long-term principal	Short-term principal	Long-term interest	Short-term interest
1992	309.4	205.3	4.0	99.9	0.2
1992	247.1	165.4	—	81.7	—
1993	249.8	171.0	—	78.8	—

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